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NEWS SUMMARY

GENERAL

rovos clash at Stagg service

ional IRA supporters day clashed with Irish at a memorial service ank Stagg at the cemetery lina, Co. Mayo, where the striker who died in ield jail was given a Government-organised l at the week-end.

clash was seen in Dublin the beginning of a run ible now that the Irish nment has become a e target for Provisional rrorism.

night Belfast Provisionals a statement threatening plans, describing the Government as "fiends." ing: "Our debt of honour nk Stagg will be exacted from those who so hor-maligned him in life and We will not forget."

Merlyn Rees, Northern Secretary, visited Dub-discussed security tactics r. Patrick Cooney, Irish Minister.

rema case

mmediate security prob-s raised by to-day's ed Dublin Special l Court appearance of eople charged in connec-th last year's kidnapping Dutch industrialist. Dr. Herrema. Back Page

l troubled lixon visit

ner President Nixon was at a Peking banquet ht after meeting Chinese President Ford, awaiting 's New Hampshire Presi-primary result, was in-in controversy over Mr. Nixon should dis-his visit with the stration when he returns hina. Page 7

at seeks to $5bn.

it Sadat, who is in Saudi and is later to tour the lf states, is seeking to ibn. over the next five r what he describes as a needed transfusion" for ptian economy. He feels oil states are in duty o provide assistance be-gypt has fought four wars ast 28 years on behalf of rab world. Page 7

corde protest

ds of New Yorkers roads to Kennedy Air-a slow-moving protest de against Concorde's llowed to land at New Opponents say it is too About 1,500 cars drove he airport, lights on and faring.

liards march

0,000 men, women and marched through the Spanish city of Pam-demanding cost-of-living d release of political s. Catalans demanded nomy after the King's ge 7

y ...

itain II leading the way n the return Sydney-leg of the FT Clipper vas last night being by gale force winds.

d, "several" were hurt, r-car crash on the A3 Guildford late last night.

: Britain's Geoff Capes "shot-put in the Euro-ampionships at Munich row of 67 feet 8½ inches, finger injury.

Baddeley, who played dges the cook in TV's Downstairs, died yester-71 after suffering from ronchitis for two weeks.

riff, author of Journey's o died last November, left £181,083 net. He n House Farm, Eype, o the National Trust.

boiler in the world—it 66 tons and is 55 feet d 39 feet high—was from Hartlepool dock lle East oil refinery.

BUSINESS

NEB in joint Mid-East tender

● NATIONAL ENTERPRISE Board is linking with two major British exporters—GEC and Rio Tinto-Zinc—in a joint tender for a Middle East desalination plant and power station contract. COSTAIN TAYLOR WOODROW consortium has signed a £71m. supplementary agreement for additional construction work on Dubai's dry dock, increasing the value of its contract to £162m. Back Page

● TATE AND LYLE Engineering, the newly-formed company which consolidates the group's worldwide agricultural and engineering interests, already has contracts worth about £80m. in the pipeline, says Mr. David Tate, chairman. Back Page

● SAUDI ARABIA and four major U.S. oil companies have agreed on the complete take-over of Aramco, the world's largest oil-producing company, as from January 1 last, according to Sheikh Yamani, the Saudi Oil Minister. Page 21

● CONSUMER CREDIT licence applications in certain debt categories need to be received by the Office of Fair Trading by the end of May in order that companies can continue to provide these services after August. Back Page

Grocery price rises ease

● FT GROCERY Prices Index rose by 3.48 to 211.85 in February, its smallest monthly rise since October. It has advanced by over 8 per cent. in the last three months and now stands 26 per cent. above last February's level. Page 25

● CONSUMER CONFIDENCE has continued to gain strength this month, although the pessimists still outnumber the optimists by 3 per cent. Page 24

● BRITAIN will firmly oppose an EEC proposal to site a £70m. nuclear fusion project at Ispra, in Northern Italy, when the Council of Ministers meets in Brussels to-morrow, claiming that Culham, near Oxford, is "outstanding" for the purpose. Page 4

● AEROSPACE INDUSTRY will retain a substantial measure of decentralisation when its structure is reshaped after nationalisation. Page 4

Earthquake may cost £40m.

● GUATEMALA EARTHQUAKE damage is likely to lead to insurance claims of between £35m. and £40m., a substantial part of which will be borne by U.K. reinsurance companies. Page 4

● PRINTING MACHINERY industry is expected to receive up to £20m. Government aid, primarily for companies wanting to develop sophisticated new products. Page 4

● CHEMICAL INDUSTRY is mounting a campaign to persuade the Government to drop the price and profit code, due to expire at the end of July. Page 4

● GAS INDUSTRY white-collar industrial action could spread this week after negotiations for staff productivity pay rises broke down. Page 4

● NON-EXECUTIVE DIRECTORS who are employed on the traditional one-day-a-month basis need to be replaced in complex, diverse organisations by professionals who can devote more time, warns Mr. Leslie Smith, chairman of BOC International. Page 24, See also Page 20 and Lex

● NATIONAL SAVINGS net inflow in the five weeks to January 31, provisionally estimated at £53.5m., is the best monthly result since February, 1973. Page 4

● BRITISH ALUMINIUM is to decentralise the bulk of its administration when it moves out of its St. James's Square headquarters in Central London this autumn. Page 20

FEATURES

ON OTHER PAGES

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Labour Left steps up fight against cuts

TUC not yet ready to risk open break with Government

BY CHRISTIAN TYLER, LABOUR STAFF

TUC leaders are not ready to risk an open break with the Government over its economic policies, despite some angry individual reactions to the projected cuts in the growth of the public expenditure programme, at least until they see what comes out of the April Budget.

Although they will protest to Mr. Denis Healey, Chancellor of the Exchequer today, that last week's expenditure White Paper will mean higher food prices, rents and fares, they are anxious to maintain a friendly dialogue during the run-up to the next stage of the counter-inflation policy.

The agenda of to-day's meeting of the Labour Party—TUC liaison committee has been changed to allow a full discussion of the issue.

Without trade union support Left-wing demands for a special Labour Party conference on the public spending cuts, to be pressed at Wednesday's meeting of the party's National Executive Committee, would be critically weakened.

Government-TUC talks on the Budget are expected to begin very shortly, when union leaders will press for the £2bn. boost to the economy proposed in the TUC's forthcoming economic review.

The somewhat muted TUC reaction to the White Paper as a whole is due to the fact that the proposed reductions are for the longer term. Its top priority remains the short-term unemployment problem, and Ministers' readiness to respond on this front in exchange for continued co-operation on voluntary wage restraint after the summer.

At the same time union leaders appeared anxious last night to maintain a united front despite a difference of emphasis between the increasingly influential public-sector unions and those whose members stand most to gain from the shift of resources into the manufacturing sector.

There was a warning note from Mr. Jack Jones, general secretary of the Transport and General Workers Union. He said he would look for amendments to the White Paper on such items as food subsidies, education cuts and on transport investment at to-day's meeting of the liaison committee.

Document

Mr. Jones has been the Government's staunchest ally during the current pay policy, but his support could be put under strain if, for example, the forthcoming national transport policy document has no good news for him on transport subsidies.

The same is true of the rail unions and particularly the National Union of Railwaymen, which to-day holds an emergency meeting of its national executive to discuss investment aid and last week's announcements of fare rises and service cuts.

A meeting of the TUC General Council on Wednesday will hear a report back from to-day's liaison committee discussions and re-draft part of the TUC economic review to take the White Paper into account.

The Council is unlikely to let the White Paper pass without some harsh comment. Mr. Alan Fisher, general secretary of the National Union of Public Employees, described the programme on Saturday as a "Mad Hatter's tea party," but yesterday pointed out that the cuts were not immediate—"and may never happen at all."

Philip Rawstorne writes: The Government this week faces the threat of a widening and politically-embarrassing split in the Labour Party as the Left wing intensifies its campaign against the £3bn. cuts in public expenditure.

But with no immediate signs of tension with the unions the Tribune Group's campaign seems

Continued on Back Page

West presses Rhodesia to make concessions

BY MALCOLM RUTHERFORD

MR. IAN SMITH, the Rhodesian Prime Minister, is now under intense pressure from a number of Western Governments to make substantial concessions to Mr. Joshua Nkomo, the African Nationalist leader, in negotiations on the transition to majority rule.

But, as yet, there is no inclination to believe he will necessarily take heed.

The British view that the negotiations will break down unless Mr. Smith quickly shows much more flexibility is now openly shared by the U.S. Administration, which also fears the outbreak of a major guerilla war.

Mr. Smith, however, has still given no indication that he is ready to change anything more than his tactics.

His message to Mr. James Callaghan, the Foreign Secretary, last Friday suggesting that he would accept direct British involvement in the negotiations left a number of questions open.

In the communication which prompted Mr. Smith's message, Mr. Callaghan had said that Britain would become involved only if the Government were satisfied that Mr. Smith would go much further than he has done so far to meet African proposals.

In so far as Mr. Smith gave any assurances on this point at all, they are understood to have been inadequate and senior Foreign Office officials spent the week-end discussing ways of exploring whether there has been any genuine change of approach on his part.

The position in the negotiations—which are due to resume on Thursday—is still that Mr.

America has allowed resumption of normal business contacts by two U.S. companies in Angola, indicating a significant change of attitude to the MPLA régime.
Back Page

Nkomo, on behalf of the less militant wing of the African National Council, is seeking majority rule within the next two or three years at the latest, while Mr. Smith is talking in terms of the end of the century or beyond.

The British Government is reluctant to step into the negotiations with the two sides so obviously far apart and, indeed, on the timetable for majority rule broadly supports Mr. Nkomo.

The last thing the Government wants is again to have to assume responsibility without power, as would happen if the negotiations broke down with Britain in the chair.

There might, however, be some flexibility in the British position if Mr. Smith were to accept something like the Nkomo timetable, leaving the negotiators to settle the details which could itself take up to a year.

In this case Britain would inevitably accept some sort of role as guarantor of the talks.

But it is clear that Britain would give guarantees of any kind only if there were some certainty of moving rapidly to majority rule and if at least some of Rhodesia's African neighbours could be convinced that this was the case.

David Bell in Washington writes: The Ford Administration is now seriously concerned that collapse of the Rhodesia talks could precipitate a major guerilla war in the area, with unpredictable consequences for the rest of Southern Africa.

Senior officials share the British view that this is almost certainly Mr. Smith's last chance to negotiate a settlement.

But U.S. concern about the situation has also been intensified by increasing apprehension about the role that the 12,000 Cuban troops now in Angola might play if the talks broke down.

● IN MUNICH Sir John Milluk, U.K. Ambassador to Nato, said an African crusade against White rule in Rhodesia and South Africa, supported by Moscow, could follow the MPLA victory in Angola.

New fall in the money supply

BY MICHAEL BLANDEN

HEAVY sales of gilt-edged stocks to finance the Government deficit have continued to hold back the level of money supply.

Over the three months to January the seasonally adjusted money supply has fallen on both the main measures used by the authorities. In relation to the recent level of price inflation this could imply a considerably more restrictive monetary climate than required by the counter-inflation policy.

Over the last three months as a whole, M1 has fallen by 1¼ per cent. and M3 by about ¼ per cent. And in the year to January, M1 shows an increase of just over 11 per cent. and M3 of about 7 per cent.

The aim which has been expressed by the authorities has been to hold the money supply growth at levels rather below the increase in national income in money terms without making the economic recession more severe.

The signs are, however, that this reflects a temporary situation in a period when the Bank of England succeeded in making very heavy gilt-edged sales against a background of steadily falling interest rates. Since the make-up date on January 21, the position has changed. The Bank is no longer selling so many gilt-edged stocks. This is reflected in the record total of £500m. of Treasury bills to be offered at this Friday's tender, and suggests that the money supply may now be starting to move up again.

Changes in the pattern of the flow of tax payments to the Government, coupled with the timing of the monthly make-up of the figures, have made the seasonal adjustments applied to the January figures exceptionally uncertain. The figures are likely to be revised later, and already a significant upward adjustment has been made to the previously published December figure of the money stock on the narrow definition (M1).

In the long six-week period to mid-January, M1, which excludes public sector deposits, showed a fall of £623m.; after provisional seasonal adjustment, this comes down to a drop of some £120m., or 0.7 per cent. On the wider definition (M3) the money stock fell by £263m., equivalent to a rise of some £340m., or 0.9 per cent., after provisional adjustments for normal seasonal influences.

The continued sluggish demand for bank finance by the private sector is again underlined by the figures. Bank lending to the private sector in sterling rose by £490m. during the month. But this was nearly all accounted for by the addition of end-year interest charges and other seasonal factors, and after seasonal adjustment the rise was cut to only £14m.

Bank lending to the public sector in sterling was reduced during the month by £122m. This, however, was more than accounted for by the central government, which cut its borrowing from the banking sector by £337m., offset by an increase of £215m. in the rest of the public sector.

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CHANGES IN THE MONEY SUPPLY
(Seasonally adjusted total money stock, £bn., and percentage monthly increases)

1975	M1	Per cent. change	M3	Per cent. change
May 21	15.09	0.7	37.47	1.5
June 18	15.11	0.2	37.36	—0.3
July 16	15.50	2.6	37.63	0.7
August 20	15.71	1.4	38.37	1.9
September 17	16.05	2.1	38.64	0.7
October 15	16.14	0.6	39.01	0.9
November 19	15.86	—1.8	38.74	—0.7
December 10	16.05	1.2	38.56	—0.5
January 21	15.93	—0.7	38.88	0.9

Plans for cheap Atlantic air fares

By Michael Donne, Aerospace Correspondent

SCHEDULED airlines flying the North Atlantic air routes are to work out a new cheap "third-class" fare for the route between Canada and the U.K. over the next few days, to become effective April 1.

Later on, they will try to hammer out a similar type of fare that will enable them to meet charter competition on all the other Atlantic air routes between North America and Europe.

These decsions are among those emerging from a policy meeting of the presidents and chief executives of 23 of the member-airlines of the International Air Transport Association flying the North Atlantic at a meeting in Geneva which ended over the week-end.

The cheapest scheduled transatlantic fare between London and New York at the moment is the 22-45 days Advanced Purchase Excursion (Apex) return of £123.90 off-peak, rising to £167.40 in the peak summer months. The cheapest rate between London and Montreal is the £118.50 Apex off-peak fare, rising to £165.70 in the peak. The IATA airlines' aim will be to find new fares that come even below these.

They decided at the meeting that because of the shortage of time before the summer season starts on April 1, they would tackle the whole controversial issue of North Atlantic fares in two stages—first working out fares and rates for the period from April 1 to October 31, and then later turning their attention to fares for the period from November 1 to next March 31.

Among decisions that will be effective from April—subject to the details being hammered out in the next week or so by the tariffs experts of the airlines involved—is that whenever Concorde services begin between London and Paris and Washington and New York, they will be priced at first-class rates plus 15 to 20 per cent., the precise percentage yet to be determined.

It is expected that there will only be minor adjustments to the existing scales of all other North Atlantic fares for the April 1-October 31 period, with perhaps some small increases ranging up to 6 per cent. on the lower fares.

The plan for the new cheap Canada-U.K. rate stems from the scheduled airlines' anxiety to find some new cheap fare in that market with which to combat the strengthening low-fare charter competition on that route.

This form of competition is also a threat on the rest of the North Atlantic, especially between the U.S. and Europe, through the introduction of the new American "One-Stop Inclusive Tour Charters," or OTCs.

BSC reveals final round of job cuts

BY ROY HODSON

WITH NEW proposals to reduce employment by 2,000 jobs at five northern steelworks, the British Steel Corporation has completed its overall plans for manning reductions.

Regional schemes which have been announced in recent weeks and presented to local union representatives for discussion now amount to a proposed total cutback during the next two years of 25,000 jobs out of a labour force of 218,000.

Everything now depends upon how the proposals for reducing manning at individual steelworks are received at plant level discussions. Although the planned reductions are well below the figure of 40,000 jobs which the corporation first proposed there is likely to be resistance at plant level to specific redundancy schemes.

The five works involved in the latest round of redundancy proposals are Appleby-Frodingham and Normanby Park at Scunthorpe, Lincolnshire, the Shelton works at Stoke-on-Trent, and the Irlam and Monks Hall works in south Lancashire. All belong to the Scunthorpe division of the BSC and are engaged upon general steel products.

Biggest

The biggest cuts will be at Shelton where it is proposed the labour force be reduced from 2,300 to about 1,000. Open hearth steel-making is to be abolished there and work is to start within the next six months upon installing an electric arc furnace which will require far fewer men. About 200 jobs will be lost in south Lancashire reducing the labour force to about 1,500.

Capital investment on new plant at Scunthorpe will create 800 new jobs during the next two years. Taking those jobs into account the management wants to reduce the total work force from 18,100 to 17,300 by 1978.

In the long run, however, the true cutback in nationalised steel employment in Britain is likely to be much greater than the figure of 25,000 jobs now proposed if the BSC has its way. Sir Monty Finniston, chairman, spoke last week of his objective of a "slimmed-down corporation" of 175,000 employees.

Further reductions beyond the present proposals would be achieved by applying the principle of job flexibility to a much greater extent, and by allowing natural wastage (estimated to be running at between 15 per cent. and 20 per cent. of the work force annually) to take its toll by the strict control of recruitment.

Maximum advantage is to be taken of both methods of reducing the work force according to the January joint agreement between the BSC and the unions.

A sharp decline in steelmaking employment throughout West Europe is now being forecast by the European Economic Community up to 1980. The combined steel industries of France, West Germany, Italy, and the Benelux countries are expected to reduce manning by between 30,000 and 70,000 jobs depending upon the world demand for steel. Only the modern Italian and French coastal works are expected to expand their labour forces.

The EEC predictions do not include possible labour reductions in British steelmaking. But it is significant that BSC, which now ranks again as the third largest steel company after a spell in fourth place, is grossly over-manned" by European and world standards. Major British works are employing twice as many staff to produce a ton of steel as their European counterparts.

U.S. wheat crop fears as drought goes on

BY JOHN EDWARDS, COMMODITIES EDITOR

THE situation in the drought-affected winter wheat growing areas of the U.S. is "not looking at all good," according to a "quick" review carried out by the U.S. Department of Agriculture.

Mr. Don Paarlberg, chief economist of the Department, said at the weekend: "Everything we hear is adverse."

So worried is the Department by the effects of the drought that it has decided to advance the date of its next estimate of the likely wheat crop by a month to April 9. The first estimate in December forecast a 9 per cent. fall in production, despite increased plantings, because of the drought in key growing states. The estimates could be a key factor in deciding the trend of international grain prices.

The weather in the next six weeks could be crucial in deciding the size of the winter wheat crop, so it is considered a reasonable forecast that can be made in early April.

More encouraging news is that U.S. farmers plan to plant record acreages of spring wheat and maize, according to a recent assessment of planting intentions.

LOMBARD

Gold warfare a non-event

BY C. GORDON TETHER

THE MAIN feature of the gold warfare scene during the past few weeks has been in the nature of a non-event—the absence of a big new tumble in the market price of the metal to, or even below, $100 per ounce. Which was what many of the anti-gold pundits were predicting when it dipped to around $125 in the wake of the Jamaica agreement on the liquidation of part of the IMF's stock.

But it is a non-event that is certainly not without significance. For it seems to be as near to being a firm indication as we are likely to get that the central banks are going to use their new power to buy as well as sell gold to exercise a stabilising influence on the market—thereby leaving much less scope for the anti-gold lobby to undermine confidence in the metal by continually painting gloomy pictures of its prospects.

When gold began to fall away from the level of around $137 at which it had been holding for some time before the unveiling of the arrangements for the disposal of Fund metal introduced new uncertainties into the picture, there was a lot of talk about what would happen if the last of the so-called "floors" gave way. This is the price of $120 used for the pledging of Italy's gold stocks against a German loan—the earlier ones were the $170 per ounce figure at which France originally revalued her gold stocks last year and that of some $155 which the U.S. implicitly accepted as realistic at its last auction of metal.

Not tested

In the event, however, the $120 "floor" has not been tested. For gold stopped falling when it was still some $5 away and has since recovered to settle down within a dollar or two of the $130 level.

The $120 figure has always looked the most dependable of the three "floors" in the sense that it was regarded by the central banks involved in the Italian loan operation as realistic enough to provide the basis for a major international transaction extending over a period of several years. And it may well be that this exerted a restraining influence on selling pressure as the market price began to approach it.

But the behaviour of the market has almost certainly also been materially influenced by the indications that central banks will not necessarily leave Fund sales to take it out on the free price — which was what the flood of anti-gold propaganda unleashed by the Jamaica agreement had suggested they would do.

It is true that France is so far the only country to give notice that it intends to take advantage of the liquidation of Fund stocks to start strengthening the gold element in its own reserves. However, the Swiss have made it clear that they see themselves free to do the same. Even the Germans, who have been almost as obsessed with demonetising gold as the Americans until comparatively recently, have said that they will not necessarily be permanently averse to the idea of taking more gold on board.

Remembering that the advanced countries must see themselves under some obligation not to leave the less-developed countries feeling that they have been cheated out of the special aid fund to be created from the profit on the disposal of IMF gold, it does not now look as though there is any real danger of the bottom dropping out of the gold market. And as soon as that comes to be recognised, it seems probable that private interest in the metal as a protection against the continuing erosion of paper money will begin to revive.

Ceiling, too

The impact of this on the price will clearly depend to some extent upon how much IMF metal is not snapped up by gold-hungary central banks—though it should be pointed out that in any case the entire annual sale now envisaged will involve no more than was bought up within days during some of the "gold rushes" of recent years.

What could well be even more important is the extent to which the central banks see a move to stabilise gold by establishing an informal floor as obliging them to exert a restraining influence on any upward movement it develops in future.

But the last word will almost certainly lie with the pace of global inflation. It has been argued that one of the reasons why gold has been less popular as a store of value of late is that, with the fall in the value of money slowing down, it has been possible to start looking forward to earning a real rate of interest on funds held in money form again.

In practise, since interest rates have also been falling, there are few countries where this can be done even now. And if—as is widely feared—the general priming of re-expansion pumps halts progress on the global disinflationary front, gold at present prices might still be found to have the edge on money as a store of value.

A LOOK AT REPORTING THE LAW

Conflicts over principle of open justice

BY JUSTINIAN

OPENNESS IN government is more openly observed by the courts than by any of our other institutions, except Parliament. A reminder that there are few occupations and no other professions that conduct their affairs as much in the public gaze as the lawyers comes with the publication to-day of a booklet, *The Courts, the Press and the Public*.

In it the author sorts out the disparate rules and practices dealing with the admission of the public to courts of law and the statutory restrictions upon the Press reporting of court proceedings.

Few would dispute the thesis that open justice is essential in any democratic society. Bentham put it aphoristically that publicity was the very "soul of justice," while a Law Lord declared in 1936 that it was the "authentic hallmark of judicial, as opposed to administrative, procedure." And yet the notion that every court of justice is open to every subject of the Queen has never been entirely true, and there are occasions when the principle is in danger of being breached.

The open court principle conflicts with another principle that the chief object of courts is to *do justice, and justice may be* defeated under the full glare of publicity. There are two aspects of the problem that are not always carefully separated. It is one thing to permit the public to come in and view the proceedings in the court, it is another thing to leave uncontrolled the Press reporting of those proceedings.

Preventing harm

While it is true that journalists are the eyes and ears of the public and should be free to report what they hear and see, publicity, rather than openness of the courtroom, is the potential stifler of justice being done. In an attempt to prevent the possible harm from publicity, legislators are sometimes driven to decreeing that the courts will not be open to public.

Where the balance of interests *lies is not easily discernible.* There is little doubt that sitting in public is a spur to those who sit in judgment to behave themselves. It would be intolerable if juries could convict and judges sentence offenders in private and without being subjected to public scrutiny.

Criminal trials must be conducted in public. (It is not even satisfactory when a court trying an offender charged with selling official secrets or even spying adjourns the hearing into private session.) But it does not follow that every aspect of the public trial should be blazoned in the newspapers.

Would it seriously breach the principle of openness if certain witnesses at least were allowed to remain anonymous? The Rape (Amendment) Bill, now before Parliament, will give a selective anonymity in the courtroom to the alleged victims of rape. And *in the practice of the courts* blackmail victims have invariably been permitted to conceal their identity, at least by being referred to alphabetically, although not necessarily with complete immunity from disclosure of their identity.

Rape victims may be a special class of unfortunate citizens who deserve some protection, but there are other victims of crime (and sometimes the relatives of victims) who suffer needlessly from court publicity. The parents of a murdered girl have enough to contend with in the death of their child without the newspaper-reading public knowing who they are.

Classic case

The classic, contemporary instance of control over the Press is the restriction on reporting of committal proceedings before justices unless the defendant wishes the ban to be lifted. The Press has long campaigned against this innovation in the law in 1967, since only the barest information about a committal of a person for trial may be reported.

If there were strong moves to yield to the Press on this score, legislators might resort to the technique of abolishing committal proceedings altogether. The Scottish prosecuting system dispenses with a court hearing to commit the accused to trial.

It is a characteristic feature of legal proceedings in the Anglo-Saxon systems that the names of the parties are revealed in court announcements and in reports of the cases. In Europe, while they adhere to the principle of openness in their trials, civil proceedings do not ordinarily reveal the identity of the *litigants.*

There is a strongly held view that public interest in seeing justice done in the courts does not extend to exposing the parties' names. It is the resolution of the dispute that matters and not the status of the litigants.

The fact that so many commercial men in this country much prefer the private, but costlier process of arbitration to the openness of litigation is due in no *little* part to *the* possible exposure of their reputation if they litigated in the commercial court in the Royal Courts of Justice.

Adherence by English lawyers to naming the contestants at all stages of the forensic process has denied the courts a jurisdiction they have always actively sought.

Some acceptance

There has been some acceptance by Parliament of the case for protecting some people against adverse and unmerited publicity in the recent Rehabilitation of Offenders Act 1974. That Act simply provided that persons convicted of crimes were entitled to live down their bad record after they had been free of any crime for a designated period.

In other words they should be regarded as rehabilitated and not have their past venial crimes raked up by journalists and authors.

It is a measure of the disagreement over the public reporting of crime and the way courts deal with offenders and other justiciable disputes that the author of the booklet describes that Act as "a notorious and unnecessary" restriction on Press freedom, and does it in a singularly clumsy way.

He puts the issue neatly: "It is easy to understand the motives of those who promote this legislation, for court proceedings can be an unpleasant, even harmful exposure for those involved in them, however innocent. But for anyone brought up in the broad liberal traditions of this country the balance of advantage must surely lie in retaining the invaluable asset of open justice."

The Courts, the Press and the Public by Brian Harris; Barry Rose; £2.50.

SNOW REPORTS

	Depth (cms.) L	U	State of Piste	Weather	°C
Andermatt	35	155	Good	Cloud	5
Flaine	70	160	Good	Snow	0
Isola 2000	160	200	Good	Sun	5
Murren	80	170	Fair	Snow	8
St. Anton	22	220	Good	Fine	1

The above reports are supplied by the Ski Club of Great Britain.

SCOTLAND

Cairngorms: Main runs complete. Wet snow. Most lower runs complete. Wet snow. Vertical runs 1,600 feet. Access roads clear. Snow level 2,000 feet.

Glenshee: Main runs complete. Wet snow on a firm base. Ample nursery areas. Wet snow on a firm base. Vertical runs 1,000 feet. Access roads clear. Snow level 2,000 feet.

Glencoe: Main runs complete. Hard packed snow. All lower runs complete. Wet snow. Vertical runs 1,400 feet. Access roads clear. Snow level 22,000 feet.

Forecast: Cloudy, rain at times.

RUGBY UNION — BY STUART ALEXAND

Emphatic victory gives triple crown to Wales

WALES seized the triple crown at Lansdowne Road, Dublin, on Saturday, in a game which, if not as lyrical as the crystal pine gazers would have wished, produced an emphatic 34-9 victory in a tense, exciting game.

There were many factors behind Wales's widely predicted conclusive win, not least 18 points in six devastating minutes midway through the second half which utterly pricked the bubble of Irish enthusiasm.

But there was more. Ireland came on to the pitch at boiling point. They attacked ferociously and threw the Welsh right out of their normal rhythm. But despite all the harrassment and territorial advantage, it was the Welsh who scored the points through the boots of Martin and Bennett, and a suspect and *lucky charge-down try by Gerald* Davies.

Fighting back

Ireland missed some early penalty kicks but fought back, and at the turn-round, when Wales led by only 10—9, no Welsh supporter could have been entirely confident.

In the line-out, Moss Keen had been winning a lot of ball for Ireland and the back-row of Deering, McKinney and Duggan were harrying Welsh scrum-half Gareth Edwards out of his usual composure.

Welsh blocking and cover at the line was failing, and the Welsh front row was again unable to establish control in the set scrums. This, coupled with Mervyn Davies's holding the ball over-long in the tunnel, meant that Edwards was denied his usual flow of clean posession, and his tactical kicking suffered as a result.

Ireland lost centre Lavery in the 25th minute with a shoulder injury, when his opposite number, Fenwick, ran straight through him.

The jinking run which gave Bennett his try and a record-*equalling individual 19 points* in an international gave the spectators the touch of brilliance they expected.

But the Welsh close support and work-rate is far more significant. Fenwick and Gravelle in the centre are reliable for their strength and ability to take on the opposition rather than their guile.

Tommy David — substituting for Terry Cogner — Trevor Evans and Mervyn Davi[es] a formidable back row. second row of Martin, fine line-jumping, and Wheel, the prodigious are not only commit[ted] immensely strong over 80 minutes.

J. P. R. Williams has his game again and part[ly] to concentrating on his *full-back role*, while in his distribution.

Initiative lost

In the first 15 minute[s] second half the Irish initiative, and Wales piling on the agony. kicked good penalties in and 13th minutes. T Gerald Davies, Gareth (another record-breake[r]) Bennett in the 25th, 2 30th minutes of the sec[ond] all converted by Bennet[t]. Ireland's fate.

Tired Ireland failed in the second half, wh[ile] opponents marched on inexorable victory.

Wales can now look confidently to their h[ome game] with France at Cardi[ff Arms] Park on March 6 for t[he cham]pionship and a grand sl[am].

Scots profit by English errors

BY PETER ROBBINS

SCOTLAND REGAINED the Calcutta Cup, beating England 22-12 in a match that was vastly entertaining yet riddled with mistakes. Once again England only *have themselves to blame* for their defeat, for they passed up a series of individual and collective chances.

After a devastating opening assault which yielded nine points to Scotland's three, England lost their firm hold on the match. Finally the team became frustrated, but not demoralised—and who can blame them, especially the tight forwards, who did so well.

For their *part,* Scotland deserve every credit for their resilience in staging a come-back after appearing well-beaten.

England totally out-scrummaged the Scottish pack and Wheeler had a fine afternoon, flanked by Burton and Cotton in a trio that performed really well.

I have often criticised both Wilkinson and Beaumont, but on Saturday they gave their all against an experienced Scottish second row. Unfortunately they were not so good in the line-out, where England's possession was frequently appalling and often unusable.

One worrying failure, I *feel,* was in the back row cover, where only Keyworth at times stood *between Scotland and a score.* He was first-class in all he did, but when Scotland scored a breakaway try after 23 minutes, where was the back row? Indeed, where was anybody, for there was the extraordinary sight of the pachydermous Tomes and Carmichael supporting Biggar and Shedden, with not a white jersey in sight.

Turning point

This was a gratuitous try that really turned the whole game and was followed by other serious handling errors by England.

It all began with Lampkowski, who showed immature judgment and technique at scrum-half. He will be a good player one day, but his mania for the break and his short pass were the kiss of death at times. Immediately after the interval, when England still had the game in control, there were a series of lunges by Lampkowski, Ripley, Beaumont and Wilkinson all because Lampkowski had not got the ball away in the first place.

Scotland's heroes were and Wilson, who both shakily, but as Lawson his poise, so did the wh[ole Scot]tish side. His eventual *long passing gave Wils[on]* time to direct the game swung to Scotland. Ev[en in the] depths of the first half, still tried to play a game, with Irvine sho[wing] old form. Scotland's defence, particularly fr[om] ston, was excellent, wi[th] doing some vital cover.

McHarg, not much in in the first half, made contribution to revival, while Biggar, not a flashy player, prodigious amount of ef[fort].

Maxwell scored for after only six minutes, converting. Then Irvine penalty. Old did lik[ewise]. England before Scotlan[d's] incredible breakaway Lawson, converted by

Old restored England the break, only for equalise shortly a[fter]. Scotland's next score by Leslie, charging d[own a] kick. Their final try—fi[nished by] Lawson—was conver[ted by] Irvine.

SOCCER — BY TREVOR BAI

Double-chasing Derby find it easy against West Ham

DERBY COUNTY maintained their pursuit of the double and move alongside Manchester United and QPR in the league table, only two points behind the leaders, Liverpool, as a result of beating sadly insipid West Ham by 2-1 at Upton Park.

Although Derby always seemed likely to win, and were clearly the masters throughout a disappointing match, they failed to cpitalise fully on their superiority until midway through the second half, and never found that flow and flair which can make them so exciting.

This time it was not strictly required, as West Ham were suspect at the back, short on skill and precision in mid-field—excluding Paddon—and rather toothless up front. If Day had not brought off several fine saves during an undistinguished first-half, they could have been well down at the interval.

George, who repeatedly won the ball in the air and provided many magic touches scored Derby's first goal a few minutes after squandering a much easier chance. Derby went further ahead in the closing stages, when Rioch supplied the final touch after James had done the damage. Then they relaxed to allow Brooking to reducethe arrears, and even go close to snatching a draw.

An attack consisting of Robson, Brooking and Jennings,

FT Clipper Race and Tennis, Page 24

who substituted for the injured Orhan, simply did not have sufficent bite to worry Derby's rearguard, in which McFarland more than justified his claim to be the best centre-half in the country.

With James repeatedly baffling right-back Coleman, and George and the nippy little Hector causing problems in the middle—despite an impressive performance from McGiven — Derby always looked like scoring. But their midfield men, apart from Gemmill, did not show enough authority or imagination.

What must have worried Derby even more hesitancy of their youn[g] Moseley. He has done since taking over from earlier this season, hopes it was just an o[ff day]. *few mistakes could so* all their hopes of the

West Ham, wh[o] unceremoniously bundl[ed] the FA Cup, have los[t] won only one of their matches. They have by injuries, lack reserves, and need a scious centre-forward Brooking to revert to effective role, just be[hind the] front runners. The m[ain cause] of their decline is t[hat] *players have lost conf[idence in]* themselves.

On Saturday they helped by an untr[ue] pitch — a big handi[cap for a] side which depends so accurate passing for t[heir effec]tiveness. Unless they to recover belief in t[heir] ability, West Ham are to progress further in pean Cup, their last glory this year.

RACING — BY DOMINIC WI

Weights favour Philominsky

THE LEVY BOARD became the major source of prize money under National Hunt rules last year, according to the Racehorse Owners Association's final report on the sources and distribution of prize money before the Jockey Club's newly-formed statistical bureau takes over.

The Board, whose contribution in 1974 was less than that of the owners, produced £1,031,835 in 1975—compared to its 1974 figure of £772,050.

The owners' contribution rose by £130,578 from 1974 to £907,624 in 1975. This was 36.19 per cent. of the total—5 per cent. less than the Levy Board's.

The remaining prize money under National Hunt rules in 1975 came from sponsors, whose contribution of nearly £400,000 also showed a major increase on the 1974 figure, and the Racecourses with £176,537, a fractional drop on 1974.

Other figures from the *association's* report show that the average prize money per National Hunt race in 1975 was £937 — an increase of £133 on 1974 — and that there was an average turn-out of 10.4 runners for the 2,675 races.

Forest King, the remarkable *seven-year-old,* reconfirmed yet again that there are few, if any,

NOTTINGHAM
2.00—Obligatory
2.30—The Sundance Kid
3.00—Philominsky**
3.30—Craigie Castle
4.00—Jave River
4.30—Prince Artie

PLUMPTON
2.45—Tiepin*
3.15—Persian Camp
3.45—The Philgarlic***
4.15—Blitz

better young staying chasers in training when landing Saturday's Eider Chase at Newcastle.

He was never in danger of defeat. Allowed to lope along in the middle of the 12-runner field in the early stages by David Munro, he took over three fences from home, and from that point was always going far too well for Clarification and Bentley Roy.

Forest King, a 125-guineas yearling, who spent his younger days trekking in the Lake District, has now won nine of his 11 chases this year, a[nd] £17,000 in prize money owner-trainer, Ken Ho[...]

By far the most in[teresting] event on a dull afternoo[n] to-day is the City Tria[l] (3.00) at Nottingham, Flash Imp will be tryi[ng to con]cede from between 3 13 lbs. to his nine o[pponents]. Although he seems su[re to run] well I doubt if the to[p weight] is up to conceding 5 lb[s to the] course winner, Philom[insky].

At Plumpton, where [the Wil]liam Hill Hurdle (2.45) likely to fall to Tie[pin], *Pilgarlic* should have f[ew prob]lems in the Three Bridg[es] (3.45) despite the pre[sence of] Midaston.

● Mr. John R. Gaines [of Ken]tucky has made a su[bstantial] offer to buy Rheing[old, the] British colt which won [the] Prix de L'Arc de Triom[phe].

Rheingold retired to Stud, Tipperary, afte[r being] syndicated in 1973 for m[ore than] £1m. The American of[fer, it is] said, would give the sha[reholders] an opportunity to sell substantial profit.

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05 a.m. Open University. 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Rubovia. 2.01 For Schools, Colleges. 3.20 Under Bow Bells. 3.58 Regional News (except London). 4.00 Play School. 4.25 Roobarb. 4.30 Jackanory. 4.45 Blue Peter. 5.10 John Craven's Newsround. 5.20 Jumbo Spencer. 5.40 Ivor the Engine.

5.45 News.
6.00 Nationwide.
6.35 Ask The Family.
7.20 Z Cars.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "Point Blank," starring Lee Marvin.
10.55 To-night.
11.50 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Pili Pala. 6.00-6.55 Wales To-day. 6.55-7.20 Heddiw. 11.30 News and Weather for Wales.

Scotland—11.00-11.20 a.m. For Schools: Around Scotland. 6.00-6.55 p.m. Reporting Scotland. 10.55-11.30 Public Account. 11.30 Scottish News Summary.

Northern Ireland—2.58-4.00 p.m. Northern Ireland News. 6.00-6.55 Scene Around Six. 11.30 Northern Ireland News Headlines.

England—6.00-6.55 p.m. Look North *(from Leeds, Manchester, Newcastle)*; Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40 a.m. Open University.
11.00 Play School.
3.30 p.m. The Caterers.
4.00 State of Play—Pre-school Education Now.
5.00 Open University.
†7.05 Film As Evidence.
7.30 Newsday.
8.10 The Waltons.
9.00 Cakes and Ale.
9.55 Horizon.
10.45 Diversions from Scotland.
11.20 Newsnight.
11.35 Closedown: Julian Glover reads "To Juan at the Winter Solstice," by Robert Graves.

LONDON

9.30 a.m. Schools Programmes. 12.00 Issi Noho. 12.10 p.m. Hickory House. 12.30 Kitchen Garden. 1.00 First Report: News, FT index. 1.20 Lunchtime To-day. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 "Roll Freddy Roll." 3.55 General Hospital. 4.25 Clapperboard. 4.50 Rogue's Rock. 5.20 Batman.

5.50 News from ITN.
6.00 To-day.
6.45 Opportunity Knocks!
7.30 *Coronation Street.*
8.00 Hello Cheeky.
8.30 World In Action.
9.00 Police Story.
10.00 News.
10.30 Looks Familiar.
11.10 Take Two.
12.00 Problems.

All ITV regions as London except at the following times:

ANGLIA

12.30 p.m. The Way We Live. 1.25 Anglia News. 2.00 Houseparty. †2.30 Monday Afternoon Film: "Background," starring Valerie Hobson. 4.25 The Romper Room. 5.20 Indoor League Championship [illegible]

ATV MIDLANDS

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible] "Career," starring Dean Martin and Shirley MacLaine.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 2.00-2.30 Hamdden. 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service [illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

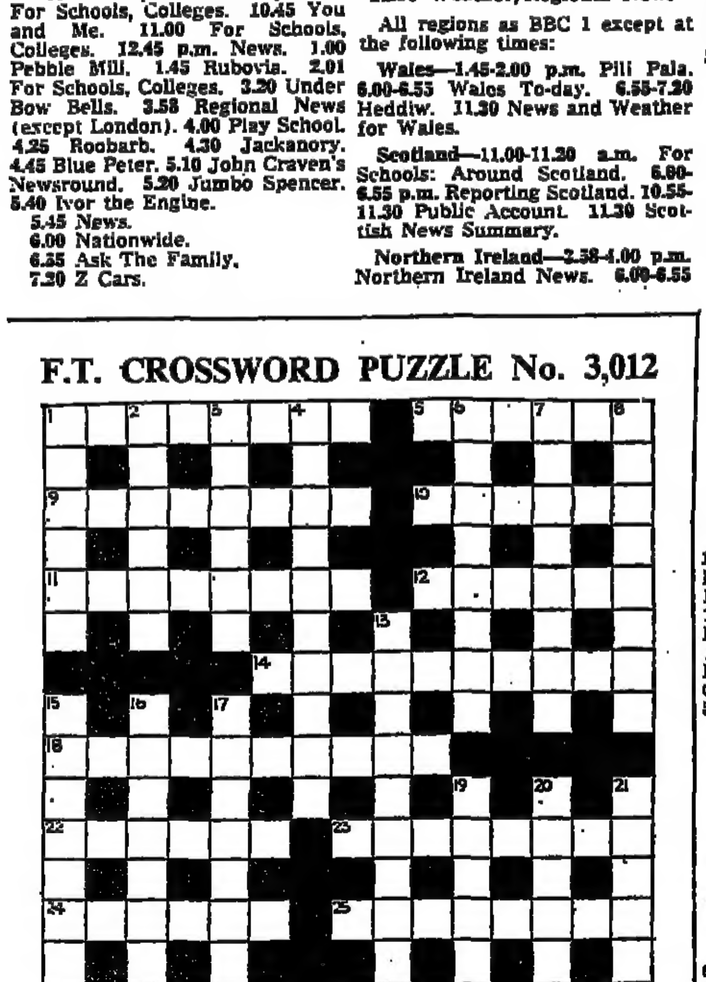
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,012



ACROSS

1 Space given by Press is a century too old (8)
5 Stolen when taken by elevator (6)
9 Parade all the runners in space terminal (8)
10 Worker on border of Northern Ireland region (6)
11 Understand editor is to be collected (8)
12 Frenchman goes by rail to public school (6)
14 Bit of equity one country needed to enter ministry (10)
18 Expert on London's night life is quite a card (3, 2, 5)
22 Hurt badly as Frenchman intended (6)
23 Follows person becoming a drudge (8)
24 Sober as a steed when broken (6)
25 Contractor avoiding conflict (8)
26 Angry outburst from individual in business (6)
27 Royalty incorporated in papers (8)

DOWN

1 Cost of a commission (6)
2 Extremely put about? It is the truth (6)
3 Predator needs the right helper (6)
4 Reciprocal principle is in splendid order (6, 4)
6 Mind the chap just outside the Bull (5, 3)
7 Run away from revolution to follow (4, 4)
8 Prevailing so soundly in the scale (8)
13 *Dictator* relatively speaking forecast for 1984 (3, 7)
15 Rain comes to doctor determined to be a little monkey (8)
16 Knot in handkerchief is about a baby-sitter (8)
17 It's not natural to be moved (8)
19 Like to put one's name to transfer (6)
20 Bird in the main the French wrinkle (6)
21 Island where great Persian went about quietly (6)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

هكذا في الأصل

Festival Hall

German Requiem

by RONALD CRICHTON

Lorin Maazel being ill, his ›lace at the head of the New ›hilharmonia Chorus and)rchestra is being temporarily aken by Fritz Rieger, the ›ohemian-born conductor from Iunich. He will accompany hoir and orchestra on their orthcoming visit to Barcelona › perform the German Requiem f Brahms (given last night in ›e Festival Hall) and the Missa ›lemnis of Beethoven.

On occasional appearances in ondon, Mr. Rieger has given ›e impression of a capable, ›rious German conductor more ›ncerned with the music than ›ith cutting a dash on the ›dium. Perhaps he has not ›d long enough to establish ›ll rapport with the New Phil- ›rmonia Chorus, which sang ›st night with the full-hearted ›mmitment one expects but ›mething less than the custo- ›ary all-through brilliance of ›ne, and much less than the ›rmal capacity for dynamic ›ading—almost invariably their ›rtes when straight to fortissimo ›d stayed there.

The best movements were the ›th, where the soprano soloist, ›ana Cortubas, lent some of her ›diance to the rest, and the ›rth, where the march rhythm the opening was free of the ›t-footedness and over-emphasis ›at dogged the other, triple-time ›arch in "Denn alles Fleisch es wie Gras" earlier on. There ›s vigour as well as loudness Brahms's vision of what the ›rmans call the Last Trombone. the sixth movement, also, the ›ritone Bernd Weikl sounded ›ppier than in his first solo. ›e orchestra had some fine ›ments, including the high, soft ›d chords that so often cause pain. But the whole performance needs polish before it is offered abroad.

*

In the Elizabeth Hall on Saturday evening the London Bach Society under Paul Steinitz performed two of the cantatas, an early Mozart Mass, and Stanley Glasser's choral entertainment *The Chameleon and the Lizard*. This work (first performed 1971) is welcome and indeed admirable as a collaboration between a white South African musician and a Zulu writer, Lewis Nkosi. It was fun to hear Bach singers clapping out Zulu rhythms and getting their tongues round Zulu words, but the musical results were mildly disappointing — the materials were there but nothing much happened. It may be unfashionable to say so, but Orffian premitivism is harder than it looks.

The Cantatas were No. 126 ("Erhalt uns, Herr, bei deinem Wort") and No. 181 ("Leichtgesinnte Flattergeister"). Both show Bach in unusual moods, the first vengeful, the second scathing. Full of interest: in 126, a duet for alto and tenor which is half choral, half recitative, and a bass aria with extraordinary rumbling accompaniment for the continuo; in 181, a splendid final chorus done with such lightness and rightness that one could forget tone of less than crystal clarity. The C minor Mass of Mozart (not the famous one, but K.139, written when he was "about 13") is worth hearing as a precocious curiosity, not much more. The soloists in Bach and Mozart were Wendy Eathorne, Paul Esswood, Ian Partridge, Ian Caddy.

Letter from Paris

Rosenkavalier • Forza

by RONALD CRICHTON

As the curtain falls on the new *Rosenkavalier*, recently added to the repertory of the Paris Opera, four autumn leaves slowly fall to the ground. Leaves, you may well ask, inside even the shadiest Viennese eating-house? But designer Ezio Frigerio and producer Rudolf Steinboeck have transferred the action out of doors. Mr. Steinboeck, it seems, had Strauss's approval for setting the action in the courtyard of an inn. Mr. Frigerio, however, has gone further than that, choosing "the immense park of an abandoned villa where there is a rather mysterious place of assignation for rich Viennese." That Ochs should take Mariandl to a Heuriger is just conceivable. That they should sup outside in the autumn twilight, that there should be a bed in an outdoor alcove, is positively perverse.

Often one wonders if designers have listened to the music of the opera they are putting on the stage. Sometimes when they do, one wishes they hadn't. Enzo Frigerio is one of the most talented designers of the day, frequently associated with Giorgio Strehler, an expert on architecture and period style, a master of sumptuous but quiet colour. Yet he has been so sent by the abundance of music in *Rosenkavalier* that he couldn't confine it to the precise milieu required by the libretto, preferring a dream-version suggested by his personal reactions. So he designed a basically simple but exceptionally tall front set with a full-length gap back centre through which the more spectacular entrances are made, and through which enormous baroque vistas are glimpsed.

Christa Ludwig, Yvonne Minton, Hans Sotin in 'Der Rosenkavalier'

The Marschallin's bed (with an altar-back as *baldacchino*) appears to be in a corner of the Court library in Vienna. The rich Faninal has built himself a private Pantheon larger than the original, the trees in the deserted park are brushed in by Fragonard—in fact the prospects have been beautifully painted in the almost extinct traditional style by Ettore Rondelli. The trouble is that, though they are softly lit behind gauze, their scale dwarfs the individual characters—the intrigue seems remote, dream-like indeed, not compelling to follow. The visual style is not well-matched to the orchestral direction of Horst Stein, not dream-like at all, immensely efficient, rumbustious, with bandmasterly waltzes.

The Octavian of Yvonne Minton, the Sophie of Lucia Popp (masterly in her delivery of the girl's chatter), the vocally resplendent Ochs of Hans Sotin, are familiar to London. Miss Minton's Octavian, in full bloom of voice and appearance, was the only performance not oppressed by the opulent background—when she appeared with the rose she looked like Tancred at the head of his warriors, and made one long to hear her in very different kinds of breeches role. For a London visitor, none the less, the main interest lay in the Marschallin of Christa Ludwig, whom we so rarely hear. Her performance is composed with her normal skill—admirable in her imperious dismissal of Ochs in the last act, tender but unsentimental in the monologues, a shade shrill and acid in rapid conversational passages.

*

John Dexter's production of *La Forza del Destino*, new last season, was well worth catching at this year's revival even with a cast differing in several respects from the one advertised outside the theatre. The style is roughly similar to the Wanamaker staging at Covent Garden, but bolder and more confident, with admirably simple, evocative, eye-filling sets by Jocelyn Herbert (assisted by Andrew Sanders). Mr. Dexter makes full use of the great stage, not only of the width and height but of the ample space at the sides—where armies gradually materialise out of the surrounding blackness. Seen immediately after *Der Rosenkavalier*, this *Forza* was a salutary reminder of what serving the composer really means.

Alvaro and Carlo, the tenor-baritone pair linked alike by blood-feud and sworn friendship were Ermanno Mauro and Piero Cappuccilli. Mauro's voice has greatly increased in size. The timbre is definitely heroic, but thick: the passage from note to note and the execution of turns are inelegant. Cappuccilli was impressive in the "Solenne in quest'ora" duet and in "Urna fatale", otherwise there was a tendency to sing monotonously loud. The Melitone of Gabriel Bacquier was a revelation. Instead of the quaint, would-be lovable figure favoured by British character-baritones, a nasty, choleric, sinister old brute. A powerful Preziosilla from Hanna Schwarz (the Rataplan finale is excitingly built up), a noble-voiced Padre Guardiano from Kurt Moll.

The Entertainment Guide is on Page 9

Martina Arroyo being indisposed, Hélia t'Hezan sang Leonora at short notice. The voice has filled out since we heard her as Charlotte in the Glyndebourne *Werther* and as Gluck's two Iphigenias in London and Oxford respectively. The full tonal richness, the capacity to float a Verdian phrase, were not much in evidence, but under the circumstances it was a competent substitution. Julius Rudel conducted. The Opéra orchestra was more at home with Verdi's Latin clarity than with Strauss's heavier weave the night before. The chorus on the whole lived up to its newly won and largely deserved reputation. In *Der Rosenkavalier* some French character-singers of proven excellence had seemed overweighted by the German language. In *La forza* Jocelyne Taillon, Michel Sénéchal and Jean-Louis Soumagnas made lively contributions.

Elizabeth Hall

Perlman

by PAUL GRIFFITHS

Perhaps nothing more than the works for solo strings brings one nearer to Bach in the whole: the master pattern-maker and the genius of the intensely expressive harmonic twist, the comprehensive knower of instruments and the brilliant exponent. Each of Bach's faculties seems to exist with an extra presence when his music is heard from the hands of a single player, without mechanical aid. It may be no more than that: a question of human contact.

This quality was, sad to report, straitened and limited in Itzhak Perlman's solo violin recital last night, when he played the first and third of the sonatas and the first partita (the remaining three works form his programme for next Sunday). The grand displays of structural delight and ingenuity—above all, the fugues from the two sonatas—were played too much with an eye to their stature as monuments of artifice. A splendid purity was the result of this approach, but also a chilly distance. Even when Perlman was unravelling the knottiest counterpoints, making the awkward chords gracious and pleasing, his seemingly easy skill kept one at a firm remove.

Bach's difficulties need surely to be heard as such for their concomitant expressive qualities to be felt at full depth. There must be more sense of a physical tugging of music from the instrument, of the snag of hair on gut (or even steel). In making light of the music's body, Perlman drew it out of reach. Of course, this treatment brought its own pleasures, and no negligible ones. Perlman's handling of polyphonic passages was miraculously smooth; he had the lines so finely shaped and so well differentiated in tone that it was hard to believe all was sounding from under one bow. But in making that comment I have come back to the charge of disembodiment.

Inevitably, the ease of Perlman's playing communicated itself as easy-goingness in the music. The fraught strains or, for example, the Largo of Sonata No. 3 were made into something genial and charming. In the Adagio of Sonata No. 1 Perlman did reveal a less comfortable streak, and that by a taut control of the rhythm which often saved him from complacency. He was at his best in the more objective Bach of the Partita No. 1, notably in a sonorous and lordly account of the Sarabande. But on the whole this was an evening of superb violin playing effacing the frowns and struggles, an evening that could have done with being less happy.

Elizabeth Hall

Thomas McIntosh

by DAVID MURRAY

The darkling prologue to Beethoven's Sonata op. 111 contains some awkward leaps, and a prudent pianist may redistribute the notes a little between the hands. Yesterday afternoon Thomas McIntosh did that, and contrived notwithstanding to score a record number of finger-slips on the first page alone. Nerves, no doubt; but later, in the 12 Transcendental Etudes of Liszt, the pianist's good intentions were compromised by literally hundreds of wrong notes — in the arpegios, in the octave dashes, in the bursts of triumphal chords. There were plenty of good things to be noticed: fine rhetorical flair in the "Eroica" study, rich, controlled sonorities in "Harmonies du soir," resilience and energy in "Wilde Jagd." But there is no getting round the fact that what must justify playing the Transcendental Etudes is transcendental playing: the music cannot afford to be mossy with unwanted gracenotes.

As for the Beethoven, McIntosh's reading was thoughtful enough without suggesting any special commitment to the piece. The repeat of the exposition shed no new light on it, and that whole first movement lacked the dramatic tension upon which, retrospectively, the Arietta can become timelessly airborne. Instead it remained placidly becalmed, and bumped down with a misjudged rallentando at the end.

McIntosh's most convincingly sensitive playing came in Stephen Dodgson's new piano sonata. It is in two spidery, clean-lined movements, the second of which eventually picks up and elaborates material from the first. Some decidedly Messiaen-ic chord sequences recall a composer with a stronger personality, but in its loose-limbed way the sonata sustains its own slightly evasive manner well. Here McIntosh was delicate and precise; I should have liked a more forthright attack at the start of the Spiritoso movement, but that's a quibble. McIntosh sounds capable of more quibble-proof days without unlucky nerves.

lasgow Citizens'

The Changeling

by MICHAEL COVENEY

›o do *The Changeling* without sub-plot, as does Philip ›wse, is to do half a great ›y. We are denied the epony- ›us Antonio (although ›trice-Joanna and De Flores ›nge enough to preserve apt- ›s of title), Isabella and the ›ic double-act of Alibius and ›lio. This matters less, prob- ›y, than it would otherwise, ›en Mr. Prowse's rigorous ›ermination to turn the play › an exquisite piece of kitsch ›ut intrigue and love in a ›ematic castle performed by a ›upe of Spanish dancers such ›rought to London some years ›k by Peter Daubeny. Antonio ›ically enough, was their ›der.

›e Flores (Patrick Hannaway). squat, white-suited bull of a › with neatly applied facial ›ches. After an opening ›a of heavy symbolism—a ›velling beggar (David Hay- ›) slides among blood-stained ›ts muttering "Flores para muertos"—De Flores is ›ed by a male corps de ballet. physical handicap is less con- ›ed by his own paranoia than the movement, the swirl of ›k cape and the cry of "hey ›"

the totality of production ›cept was not so thoroughly ›uted one would probably ›plain more about the abuse › masterpiece. But, as an ›evement of scenario, the ›luction works quite beauti- ›y. What Lindsay Kemp did (or to) Genet, Prowse does (and to) Middleton. The ›ral images in the play of blood, will and betrayal are ›ecently illustrated in a pro- ›sion of tableaux that make, the duration of the evening, ›sense of any high-flown ›ary complaints. At the centre, Johanna Kirby as Beatrice adds another of her intelligent, passionate performances to a growing list at this address, acting her head off to compensate for the proliferation of gaunt profiles around her. Once her fiance, Piraquo (Gerard Murphy) is despatched by De Flores in a shower of blood and gore that would have pleased the most demanding of Jacobean audiences, she is de-flowered (I pursue Prowse's stage metaphors to the limit they warrant) in a most deliberate fashion: the dancers tango sensuously to the sound-track of *Sunset Boulevard* as De Flores spreads her legs down stage centre and her breasts pop tantalisingly from under a fragile black corset.

My major reservation is that Prowse's literate approach tends to confine the play rather than to release it. I regret this, as I believe that he is one director who could have found stunning visual solutions to the entire world of the original, madhouse and all, if an obsession with the possibility of presenting the action as a classy spaghetti Western had not set in so violently and irreversibly. We even get the haunting harmonica theme of *Once Upon A Time In The West* to accompany the writhing antics of the beggar as he slithers around Beatrice's symmetrically vast library and out, through slatted walls, to the beating sun.

The show, as usual is a feast for the eye, and makes other design attempts on the classics—such as the National's placing of Racine's *Phèdre* in colonial India—look positively half-baked. If you forget Middleton and go for the cabaret, then you will probably consider your 50p very well spent.

Collegiate Theatre

Macbeth

by ELIZABETH FORBES

University College London Opera, which has been responsible for a number of British operatic premières—ten in 25 years—last week notched up yet another "first" performance of quite exceptional interest: the original version of Verdi's *Macbeth*, as it was given at Florence in 1847. The composer made substantial revisions to his score for the Paris production of 1865, and it is this later edition which has held the stage ever since. The ur-*Macbeth* turns out to be a rousing example of early-period Verdi, less sophisticated but more even than its successor musically, and in some ways stronger dramatically.

With one exception the alterations in the first two acts are not important. The exception, of course, is Lady Macbeth's aria in Act 2, scene 1, where Verdi replaced the conventional, if exciting and fearsomely florid "Trionfai! secure alfine" with the superb "La luce langue." In the third and fourth acts his revisions were more extensive, and here, again with one exception, it is justifiable to claim that first thoughts were best. The earlier chorus for the Scottish exiles is not a patch on the later one, but the vigorous aria for Macbeth that originally ended the apparition scene is preferable to the duet that replaced it, while the final scene of the opera with its greater emphasis on the protagonist, also works better in its first form.

In fact the chief difference between the two versions is this shift of emphasis: Lady Macbeth dominates the later one, where Macbeth is the central character in the original. Felice Varesi, who sang the title role at Florence (and was later the first Rigoletto), had a voice of exceptional strength and range. UCL Opera was lucky enough to find a baritone who not only has the voice to tackle the music, but also the stage presence to fill out the role dramatically. Jonathan Summers, the young Australian who sang Rigoletto so successfully for Kent Opera last autumn, gives a performance quite staggering for a singer still in his twenties.

Untroubled by the vocal difficulties of the part, he has time and attention to spare for the shaping and colouration not only of individual phrases but also of whole scenes, and he paces the very long role with impressive skill. His singing of the climactic aria which ends the third act rightly brought him a tremendous ovation on Saturday. Janet Jacques is an accomplished Lady Macbeth, whose trenchant attack and vivid expression make up for a lack of the tonal beauty that is in any case not required in her music. Derek Blackwell, on the other hand, produces solid, ringing tone in Macduff's aria, but pays too little attention to rhythm or phrasing.

The chorus, as always at UCL, makes a very positive contribution—the Witches are particularly convincing. The conductor, George Badacsonyi, demonstrates once again his affinity with early Verdian style, as well as his unique ability to draw good, idiomatic playing from a student orchestra. John Moody's production, straightforward and for the most part effective, does not wholly solve the problem of Duncan's entry under the Macbeth roof on such a small stage, despite Elizabeth Friendship's appropriately rough and grandiose set. In their translation, Nell and John Moody have tried to fit Shakespeare to Verdi, sometimes with unfortunate results: "Out, damned spot now" does little justice to poet or composer.

aximus Discotheque

An Evening with Marcel Proust

›s a con. Marcel Proust is a ›and Patrick Williams's play ›out what happens to a family › the television breaks down. › is a pseudo-intellectual and ›oses that Mary should *read* ›*ok*. There's only one book ›he place, a Proust novel in ›ich which Mary can't understand. Anyway she thinks that Marcel Proust was the inventor of the permanent wave.

Meanwhile the dog Marcel like Saki's cat Tobermory, passes remarks on the odd nature of the human race, inverting all the clichés that the human race commonly expresses about dogs.

Nothing very deep in all this, just a few lunchtime chuckles to season the excellent sandwiches obtainable at the Maximus bar. Phillip Reader and Liz Moorefield are John and Mary, and Richard Dennis is the dog. Director, Andrew Tournell.

B. A. YOUNG

Europa Cantat in Britain

Europa Cantat 6, the triennial Festival of the European Federation of Young Choirs will be held in Britain under the presidency of the Duke of Gloucester, from July 30 to August 9 this year.

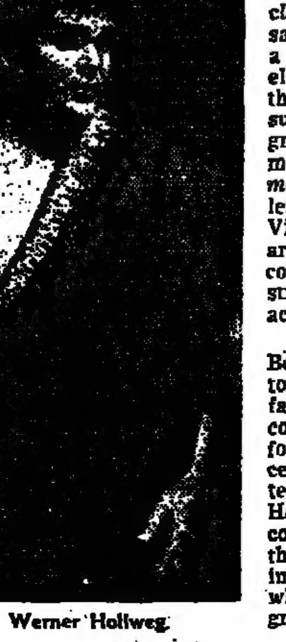
It will bring together some 3,000 young singers of 20 European nationalities, Israelis and North Americans. The ten-day repertoire of music will range from all kinds of folk-singing to formal large-scale works.

vent Garden

La clemenza di Tito

by RONALD CRICHTON

›e Covent Garden produc- ›of *La clemenza di Tito* is › of the company's trump ›s: a revendication of ›rt's last opera, the odd man among his mature stage works. With our hindsight and absorption in the human qualities of *Figaro*, *Don Giovanni*, *Cosi*, and *Zauberflöte*, with the rediscovery and acceptance of *Idomeneo* fresh in the mind, Mozart's setting of a Metastasian *opera seria* at that stage in his career may seem an aberration. If so, it was an aberration of genius. *La clemenza* may never win the same affection as *Idomeneo*, yet a performance so generally eloquent and accomplished as the one on Friday night impels surrender to such musical grandeur, concise and slightly marmoreal compared with *Idomeneo*, but grandeur none the less — the great set-pieces for Vitellia and Sextus, the short arias recalling Gluck in their concentrated expressiveness, the strangely shadowy finale to act one.



Werner Hollweg

In the production by Anthony Besch there is no wilful attempt to re-interpret the work from a fashionable angle. Mr. Besch is content to use to the full his gift for making conventional, professional grand opera consistently interesting and revealing. He is helped by John Stoddart's costumes, so clearly illustrating the multi-national side of imperial Rome, and by the sets, where a few classical columns are grouped and re-grouped with skill and a pinch of visual wit—an effect of detailed richness is achieved economically and without clutter. John Pritchard conducts, in his best Mozartian manner, less high-tensioned and fiery than Colin Davis, but with an unobtrusive vigilance equally helpful to this score. Friday's performance developed a sort of Glyndebourne burnish on the ensemble, unusual on first nights of revivals, even at Glyndebourne itself.

The cast, with one exception, is the same as before. Werner Hollweg, the new Titus, is an experienced Mozart tenor, not yet, judging from his singing on Friday, fully at home in this role either as singer or actor. Perhaps he finds the emperor's obsessive magnanimity hard to swallow, and small wonder. He lacks both the striking presence of his predecessor, Eric Tappy, and the imperious edge on the tone. Mr. Hollweg's voice is the more flexible, however, and when he has settled down his performance should become interesting. Janet Baker and Yvonne Minton as Vitellia and Sextus are unlikely to be bettered in our time. Dame Janet is as extraordinary an actress as she is singer—she can win sympathy for the strength of Vitellia's feelings without any attempt to disguise the odiousness of the character, just as into her movements she slips attitudes based (perhaps instinctively) on old prints. In another artist they might seem studied and artificial: with her they are utterly natural.

Yvonne Minton vies with her in excellence. Just occasionally, one or two single notes within a phrase are slightly off pitch, but the tone is as lustrous as it is expressive. How rewarding to hear Miss Minton in major roles twice in one week in different houses, to be able to make direct comparison of the acoustics in Paris and London. Covent Garden is finer, truer, but more demanding; the Opéra lent to Minton's Octavian greater fullness and impact. It is the more flattering house for voices. Anne Howells makes the role of Annius seem anything but secondary—we are lucky to have two breeches parts so well taken in the same opera. Teresa Cahill's Servilia is stronger than before: her femininity contrasts well with the assumed manliness of Sextus and Annius. Robert Lloyd has also sharpened his portrait of Publius. His second-act aria was notably good. The chorus makes a valuable contribution. Large audience, great enthusiasm. Three more performances after the company's exchange visit to La Scala. Well worth catching.

Britain fights to house £70m. nuclear project

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN will firmly oppose an EEC recommendation to site a £70m. nuclear fusion project at Ispra, in northern Italy, when the EEC Council of Ministers meets in Brussels to-morrow.

The project, called the Joint European Torus (JET) has been designed to keep Europe abreast of U.S. and Russian progress in nuclear fusion, a long-range possibility for abundant energy.

The Government says the site it has offered at Culham, near Oxford, where JET was designed, is "outstanding" for the purpose, and that Ispra lacks both the expertise and the experience this very ambitious experiment will require.

Mr. Alex Eadie, Minister for Energy, and Dr. Walter Marshall, chief scientist at the Department of Energy and deputy chairman of the United Kingdom Atomic Energy Authority, will represent the U.K. in Brussels.

An Italian delegation which saw Mr. Eadie last week failed to persuade him to support the Ispra site.

JET is the lead experiment in a proposed new EEC fusion research programme and acounts for about half the cost of the five-year programme.

Britain is sympathetic to the West German view that the total programme could be cut by about 10 per cent. But she wholly supports the JET experiment provided what she considers a "sensible" site is selected.

Up to now the Italians have refused to discuss the European fusion programme at all until the EEC partners agree that JET shall go to Ispra.

Britain nuclear programme coming good, Page 10

Guatemalan earthquake claims may total £40m.

DAMAGE CAUSED in the Guatemalan earthquake is likely to lead to insurance claims of between £35m. and £40m., according to a report prepared for U.K. underwriters.

This figure is small compared with some major catastrophe claims, such as the £150m. Darwin (Australia) cyclone in 1974 and hurricanes in the United States, mainly because most of the devastation was in areas too poor to afford special earthquake cover.

The main effect on insurers was for damage caused to industrial and business property in Guatemala City, but even this was not as badly hit as some other parts of the country.

A substantial proportion of the insured losses will be met by re-insurance companies in the U.K., but Lloyds is scarcely affected.

Chemical industry calls for end to the price code

BY RHYS DAVID, CHEMICALS CORRESPONDENT

THE CHEMICAL industry is mounting a campaign to persuade the Government to drop the price and profit code, which is due to expire at the end of July.

The Chemical Industries Association, in a letter to the Department of Prices and Consumer Protection, claims that the code has proved unnecessary since international competition already keeps prices keen.

At the same time it argues that the code is short-sighted, because it prevents companies generating cash for investment.

The association states that domestic price and profit control acts against the ability of the chemical industry to deploy resources effectively and to provide adequately for future domestic needs and export opportunities.

"Experience has shown that legislative intervention in prices and profits creates shortages and anomalies, leads to increased imports, diverts resources to current consumption and causes curtailment of investment plans needed for increased exports and stable employment."

If new price legislation is introduced after the Counter-Inflation Act has expired at the end of July, this should exclude sections of industry subject to normal market forces.

● Glaxo Research is to spend £600,000 on extensions to its microbiology division at Greenford, Middlesex. The project is due for completion by the end of the year and will add to facilities for the evaluation of new antibiotics.

BP has anounced a major reorganisation of its chemicals business to strengthen international co-ordination. From April 5 BP Chemicals International, one of the two main U.K. subsidiaries, will concentrate on international strategy, investment and marketing policy and will have no operational responsibilities in the U.K. M. Jean Chenevier, chief executive of Société Francaise des Petroles BP, and Dr. H. Buddenberg, chief executive of Deutsche BP, will join the Board.

Prices plan put to P.O.

BY LORNE BARLING

THE POST OFFICE needs a period of stability in postal prices which will give it the opportunity to put into effect a sound marketing policy based on customer needs, the Mail Users' Association said yesterday.

The association, which was founded last October and is expected to be incorporated soon, said it was vital that the Post Office did not undergo any irreversible changes before the Post Office review was able to make recommendations.

"During the interim — estimated at approximately one year — the Post Office should not be forced to pursue a hand-to-mouth existence that is damaging its entire structure. It is essential that the mangement should not be plagued by political considerations," it said.

Neither the review nor the Post Office itself would be able to make any useful contribution to the futuer of the postal services if panic measures continued to be implemented piecemeal over the next year, on the basis of expediency.

Commenting on the latest proposed increases in charges for parcels, letter packets and overseas mail, the association said in a report to the Post Office Users' National Council that the Post Office should "stop threshing around like a man in quicksand."

The new increase was, it pointed out, the third within 13 months and on some weight steps would be around 130 per cent. over the period.

Aviation to remain decentralised

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SUBSTANTIAL decentralisation will be a feature of the reshaped structure of the U.K. aerospace industry after nationalisation.

Lord Beswick, chairman of the organising committee whose task it is to prepare for the State take-over—and who will be chairman of the British Aerospace Corporation when it is set up—is believed to feel that by retaining decentralisation the industry will maintain the ability to react quickly to changes in the world market situation.

In the intensely competitive conditions of the future, with fewer new types of civil and military aircraft likely, and greater market pressures for available orders, speed of response is likely to be vital.

Although no members of the organising committee has yet been named, Lord Beswick has held extensive talks with the industry's leaders in recent weeks. It is believed he knows whom he would like to have with him on the committee.

The names are likely to be published only when the nationalisation Bill is closer to becoming law—which is expected by the summer recess.

Contrary to some suggestions, Lord Beswick has been given much co-operation and advice from many people at high levels in the industry, who will still be working in it after nationalisation.

At this stage, it is still too early for Lord Beswick to discuss such matters as future programmes, both civil and military, capital requirements and employment prospects.

These will depend upon a wide range of events, such as the Government's own future attitude to the industry—no clues to this were given in last week's Public Expenditure statement—to the future level of international co-operation, and the state of the world market.

It is already clear, however, that some new civil and military ventures will be undertaken, even though their shape has not yet been defined. Lord Beswick is encouraging the industry's present leaders in their talks with prospective international partners on these issues.

His aim is to ensure that, by the time he is able politically to set up the full organising committee and start to weld the four companies involved (British Aircraft Corporation, Hawker Siddeley Aviation, Hawker Siddeley Dynamics and Scottish Aviation) into the new corporation, there will be a much clearer idea of which new projects the industry ought to undertake.

This is one of the main reasons why he wants to see a continued high level of decentralisation. The industry will need a period of stability in which to get new ventures rolling before there is any large-scale reorganisation into new divisions — although these are eventually likely to emerge.

Lord Beswick is believed to feel that the basic Aerospace Board will be a small one, taking broad policy and financial decisions, with several operational divisions looking after the day to day affairs of the industry.

It is also possible that attached to the Board will be a small "central intelligence unit" to supplement the industry's own market expertise and help the Board define its strategy.

£20m. aid likely for printing

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

HELP for companies keen to develop sophisticated new products will play an important part in the Government financial aid scheme being worked out for the printing machinery industry.

Up to £20m. of Industry Act money is expected to be made available to the industry, similar to aid schemes operating for the machine tool and ferrous foundry sectors among others.

The initiative for the printing machinery project came from the Department of Industry which has shown growing concern about the sudden decline in the U.K.'s share of world trade.

One major contributing factor is the decline of "hot metal" printing in favour of newer forms of type-setting, such as photosetting. Britain has tended to be strongest in "hot metal" machinery and suffered as the new technology advanced rapidly.

In 1971 the U.K. share of OECD countries' exports of printing and allied machinery was down to 13.5 per cent. from around 18 per cent. in 1963. The decline increased considerably in the following two years and in 1973 the U.K. share of OECD exports had fallen to 9.6 per cent.

As a result, the industry's positive trade balance—up from £8.1m. in 1967 to £30m. in 1971—declined to £7.6m. in 1974. Any further decline of the industry will cause a very sharp rise in the import bill and the possible loss of about £80m. of exports.

The Government scheme, aimed at encouraging companies to step up their efforts to bring on stream machines incorporating newer technology, will be ready early next month.

It will then be studied by a working party from the industry which has been set up at NEDO. The aim is to get the scheme working as swiftly as possible because there is a feeling of urgency that there is much to be done for the industry to be ready for the upturn in trade when it comes.

The industry is bumping along the bottom of the demand trough and the order cycle will most likely pick up only coincidentally with the general engineering cycle.

Export orders are not expected to increase substantially until the last quarter of this year at the earliest. As a result companies in the sector will have to cope with very slim order books and low levels of capacity working for much of 1976.

Industry Act schemes already operating offer loans at concessionary rates of interest or the equivalent in an interest relief grant and there seems no reason why the proposals for the printing machinery industry should not follow this pattern.

51 fewer weekly newspapers

THE NUMBER of weekly newspapers in the British Isles fell by 51 in the past year, but daily and Sunday papers have increased by two, say figures in the 1976 Newspaper Press Directory. The number of weeklies on the directorate's list fell from 1,193 in January 1975 to 1,142 in January 1976. In 1966 the figure was 1,268.

Dailies and Sundays increased from 142 to 144 in 1975. There were 141 in January 1966.

Periodicals showed a sharp drop in the face of economic difficulties. In January 1975 there were 4,556 periodicals, but by January 1976 it was 4,319, a drop of 237.

'Speed data privacy laws' plea

By Lorne Barling

THE BRITISH Computer Society has called for speedy introduction of proposed measures for protecting the privacy of individuals and "corporate entities" against the misuse of data stored in computers.

The society's views are laid out in a nine-point policy statement sent to Mr. Roy Jenkins, the Home Secretary. It says there is a need for prompt guidance to allow those in the private sector responsible for implementing, or upgrading, personal data systems to incorporate the necessary controls.

Legislation is also needed to provide minimum safeguards against commercial pressures and protect data processing staff against any conflict between their professional responsibilities and their duties under their contracts of employment, says the society.

'Little damage' to storm-sunk ferry stage

TALKS OPEN this week between the Mersey Docks and Harbour Company and the Merseyside Passenger Transport Executive on bringing back into service the new £1.25m. concrete ferry landing stage at Liverpool. The 350 foot long stage sank in the gales at the New Year, and after lying submerged for seven weeks was refloated by engineers last Wednesday.

Preliminary examinations have revealed what is described as "surprisingly little damage," and this can be put right on the spot with no need to dismantle the 3,000-ton structure and tow it across river to a Birkenhead dry dock.

National Savings boost

NATIONAL SAVINGS returned to an upward trend once the Christmas spending was over.

The net inflow of new saving for the five weeks to January 31 is provisionally estimated at £53.5m., the best monthly result since February 1973.

With net accrued interest at £32.1m. the sum invested in all forms of National Savings increased by £85.6m. during the month.

Premium Savings Bonds and British Savings Bonds had their best monthly sales since March 1973 and May 1975 respectively.

Architects still hit by recession

FINANCIAL TIMES REPORTER

THE SQUEEZE on architects in private practice, which has led to 10 per cent. or more of staff being laid off since 1973, shows no signs of easing in figures published by the Royal Institute of British Architects.

Taken from a stratified sample of practices, the figures apply to the second and third quarters of last year.

In the second quarter, work at production drawing stage was at its lowest, at constant prices, since the Institute started compiling figures in 1964.

Taking the new commissions figure, however, there were signs that the revival of private sector housing had halted the sharp decline in architects' work since the end of 1973.

New commissions, representing the total value of schemes proposed, had dropped from £1,250m. then to under £750m. in the first quarter of last year. But the second and third quarter figures were £836m. and £826m.

The value of work abandoned and postponed dropped sharply from the 1974 levels, though most work which might be cut out of building programmes had probably been dealt with by the middle of last year.

A return to confidence in the private sector would [...] figures for work abandon[...] to normal levels, sugge[...] Institute.

Last year, a poll of I[...] bers revealed an inten[...] cut the number of archit[...] staff in private practice [...] per cent.

No reliable figures ar[...] able on how accurate [...] diction this was, but pro[...] figures show only 22,000 employed in private p[...] against 25,000 in 1973. [...] those cut would be unc[...] staff.

The cuts may well cont[...] practices complete com[...] started in 1973 or before.

One key question for practices this year will [...] extent that councils, [...] pressure to cut spending [...] to complete more work [...] own departments.

Last year's figures for three quarters showed a diminishing proportion [...] done for public authorit[...]

On new commissions £740m. total, £281m. [...] public authorities; in the [...] from £836m. the public a[...] share was £265m.; and third quarter from £82[...] total was £252m.

Public spending cuts 'hit build[...]

BY OUR INDUSTRIAL STAFF

THE FORTHCOMING cuts in public expenditure will further depress the construction industry because of reduced spending on roads, public service buildings and in the nationalised industries, it was suggested yesterday.

The National Council of Building Material Producers said it was little realised how great the drop in building already was. It was far greater than in the economy as a whole.

"In real or volume terms it is some 15 per cent. below the peak of 1973, even 8 per cent. below the level of 1970 [...] expected to decline fur[...] 1976 and remain at t[...] level in 1977," the counci[...]

About half the worklo[...] from the public sector, a[...] cuts would extend the p[...] low demand and further [...] the industry at a time [...] should be beginning its [...] to strength.

It was hoped, howev[...] the relaxations separat[...] nounced on Land Tax ex[...] limits and rates would [...] private housing sector.

'Wrong number costs £4,000'

AN INSURANCE company claimed yesterday that the Post Office had cost it £4,000 by giving it a wrong telephone number.

Before the Provincial Insurance Company opened a new office at Haverhill in Suffolk it was given the telephone number 5771. Later it realised the number was really 5711.

The company says it spent about £4,000 on 40,000 letter heads, 20,000 enclosure slips and 20,000 compliment slips. Now, Mr. Michael Joplin, MP for Kendal, where the company is based, and Mr. Keith Stainton, MP for Sudbury and Woodbridge, are holding talks with the P.O.

Pottery wor[...] seek £3 rise

NEARLY 45,000 pottery [...] in the Stoke-on-Trent a[...] seeking pay rises of abo[...] week from the end of ne[...] when their agreement [...] The Ceramic and Allied [...] Union said its membe[...] already received about £3 [...] since the Governmen[...] policy began last August [...] now wanted the rest of [...] allowed.

Negotiations with the Ceramic Manufacturers' [...] tion begin next week. T[...] said it might seek a furt[...] from August, when the pay policy expires.

White-collar gas workers ma[y] step up industrial action

BY CHRISTIAN TYLER, LABOUR STAFF

INDUSTRIAL ACTION by white-collar workers in the gas industry could spread this week, following the refusal of national negotiators to accept a pay offer for the staff in a productivity scheme.

Union leaders will be under pressure to extend official sanctions when 200 delegates of the main white-collar union in the British Gas Corporation, the National and Local Government Officers' Association, meet to-day in Central Hall, Westminster.

According to NALGO, feeling is running high because 316 staff have been "locked out" for refusing extra duties. Up to 1,000 will still be on strike this week in sympathy, including computer operators throughout most of the country.

NALGO has told its members not to co-operate in implementing a productivity scheme for the industry's 50,000 manual workers on which agreement was reached early last year. This has delayed the scheme in many areas and cost manual workers—mainly members of the General and Municipal Workers' Union—up to £5 a week in extra earnings.

The white-collar "restructuring" has been blocked by the pay policy and NALGO has agreed to wait for payment until Government policy allows.

Talks last Friday lasting more than eight hours achieved agreement on the scope of extra duties but deadlock on payment. NALGO said it was ready to accept a £7-a-week rise for a small proportion of the staff, but wanted more than the £4.75 now on offer for the majority. The union originally claimed £14 all round.

Industrial action, which has involved about half the 58,000 staff in one way or another, according to NALGO, has had little impact so far except on computer services, but that could change as a result of to-day's meeting.

The dispute is said [...] straining relations betw[...] white-collar and manual [...] local level, but national [...] of the two are said to be [...] thetic to each other's prol[...]

There have been inform[...] within the TUC, but no [...] to bring the issue to the [...] internal disputes machine[...]

ACAS talks to-morrow on Ford dispute

BY OUR LABOUR STAFF

OFFICIALS of the independent Advisory Conciliation and Arbitration Service to-morrow will try to resolve a long-standing grievance of many of Ford Motor's skilled workers which has led to a two-week campaign of sanctions.

The company has told shop stewards that if the sanctions continue, this will delay introduction of two new models later this year and lead to thousands of workers being laid off.

To-morrow's talks will centre on the skilled men's demand for stronger representation on Ford's national negotiation machinery.

They claim that their traditional craft differentials have been eroded over the years because the machinery is dominated by the Transport and General Workers Union, which represents mainly the less skilled production workers.

Both the company and union officials fear that orderly negotiations are threatened by a breakaway craftsmen's movement.

Meetings of all Ford's joint works councils are to be called and individual unions are to hold conferences to look at the problem.

At to-morrow's conciliation talks will be management representatives, national trade union leaders, plant convenors and representatives of the skilled men who have their own unofficial national committee.

Busier industrial tribunals

THE GOVERNMENT estimates that industrial tribunals will handle about 55,000 cases this year as a result of the labour laws being introduced covering employment, sex discrimination and equal pay.

This is reported in *Employment News*, broadsheet of the Department of Employment, which says the number of cases grew from 1,285 in 1965, when the tribunals were set up, to nearly 40,000 last year.

To cope with the increased work load new tribunal offices are being opened, and the Department has asked the TUC and CBI to nominate 700 extra tribunal members. At present there are 1,500 such members, who sit in pairs with legally qualified chairmen.

The work load will be further increased when the Government's proposed new race laws come into force.

Call for new price index

PROPOSALS for a new price index for low paid [...] have been put forward [...] Low Pay Unit, which is [...] financial aid from majo[...] unions for the project.

It claims that the retail price index und[...] mates the living costs of l[...] workers and their familie[...]

The Low Pay Unit [...] British unions to follo[...] example of French trade [...] which have produced the[...] indices, showing a "pers[...] higher rate of inflation t[...] official index." The Frenc[...] ernment is now expec[...] provide different cost-o[...] statistics for separate gro[...]

The British Governme[...] Unit says, has refused to [...] an inquiry into the sho[...] ings of the retail price i[...]

Hoover lay-o[...]

FIVE THOUSAND work[...] Britain's largest washing-m[...] factory, the Hoover w[...] machine plant at Merthyr [...] will be laid off a fortnigh[...] to-day because of the decl[...] the trade.

Workers there plan to [...] MPs this week in a bid t[...] suade the Government to r[...] the 25 per cent. VAT from [...] ing machines, which, [...] workers say, are no [...] luxury goods.

Pit ban stays

ABOUT 700 miners at Te[...] colliery, Nottinghamshire, [...] decided to continue an ov[...] ban despite the vote by l[...] of the National Union of [...] workers last week to call [...] national ban.

The 700 are seeking an [...] ance from the National [...] Board that their pit wil[...] close.

THE FINANCIAL TIMES, published daily [...] Sundays and holidays. U.S. subs[...] $167.00 (air freight) $134.00 (air m[...] annum. Second class postage paid [...] York, N.Y.

Western Australia.

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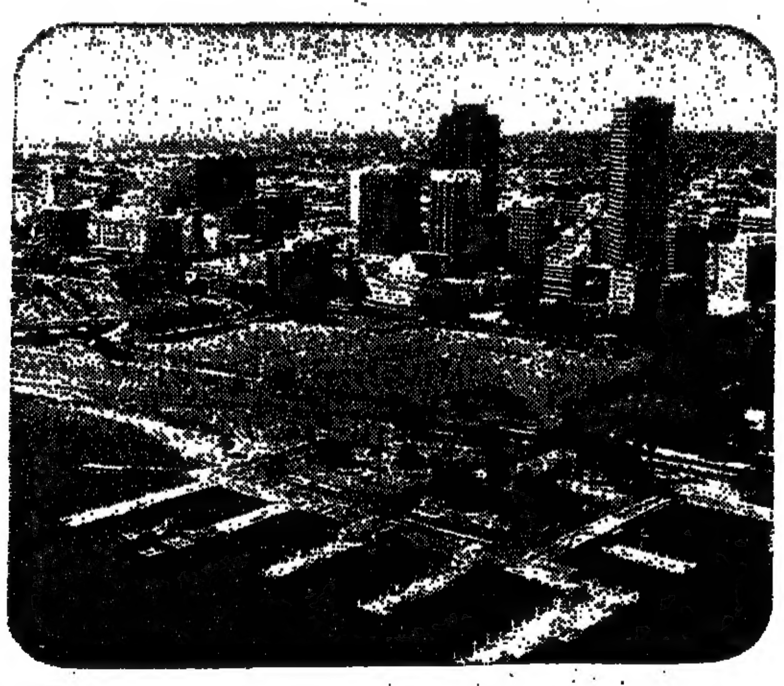
In a nation of promise, Western Australia stands out as being exceptionally fortunate. Already, the State accounts for 80% of the nation's iron ore exports. This year it will produce more wheat than any other State. And all the while, the State's manufacturers are moving abroad and capturing an increasing share of the lucrative markets of the Middle East, Africa, South East Asia—our near neighbours.

Economic forecasting is always hazardous but Western Australia can look into the crystal ball with realistic optimism. The State is on the way to establishing a jumbo steel mill; whilst at the same time developing the huge natural gas reserves just off the North West coast. These two developments alone are enough to multiply the State's economic resources and the only question is when.

If you were to visit Perth you would discover a modern, sophisticated city, surrounded by a careful blend of industrial estates and a beautiful environment for living. If you were to enquire a little more deeply you would discover a prevailing attitude of buoyancy and energy, combined with a sure grasp of the State's potential in today's economic world.



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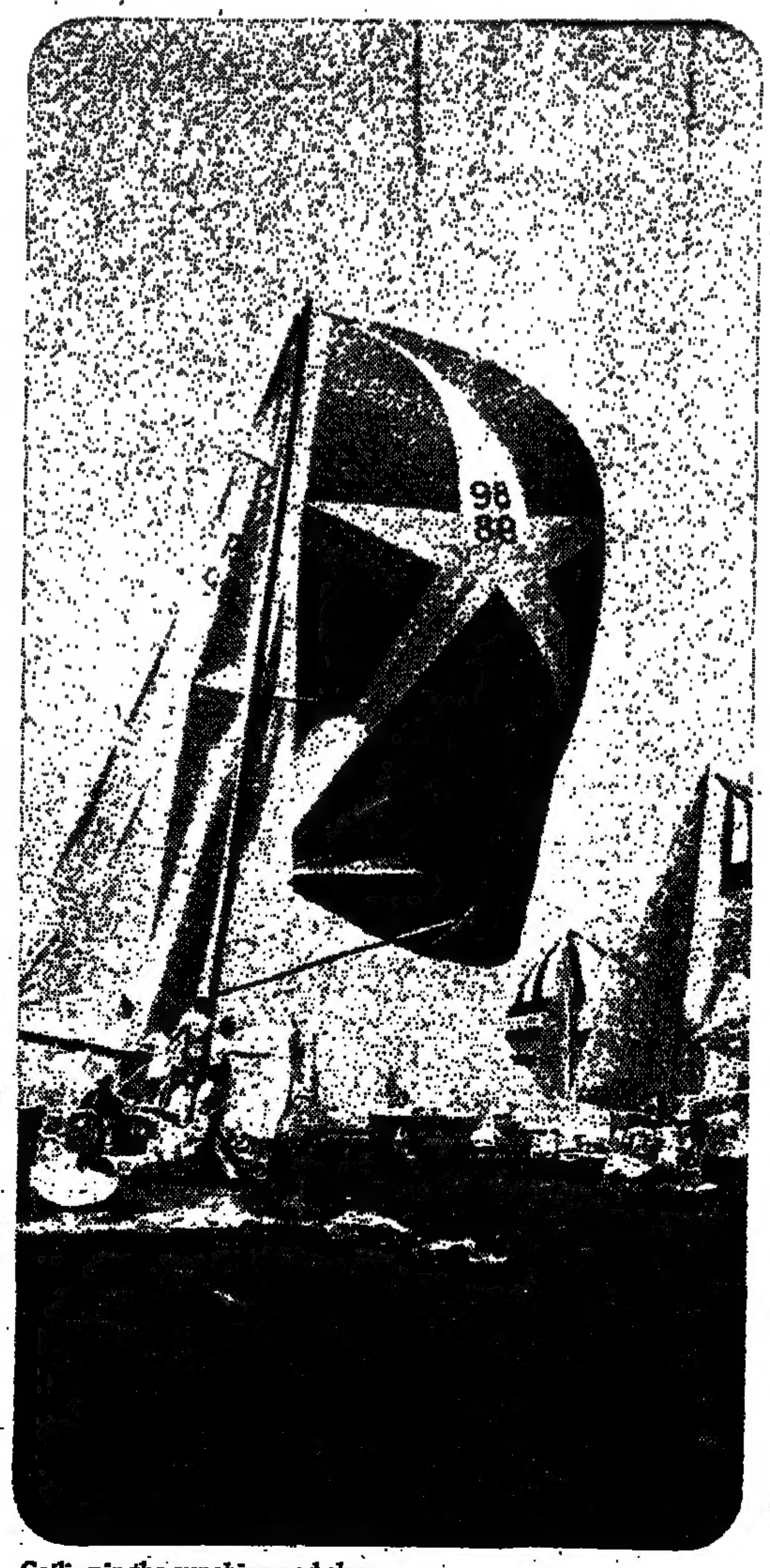

Sailing in the sunshine and clear waters of Cockburn Sound, near Perth.

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Co-ordinator, Department of Industrial Development, 32 St. George's Terrace, Perth 6000, Western Australia.

Western Australia

P/C 2828

THE JOBS COLUMN

Away goes the seed corn

BY MICHAEL DIXON

HOW would you describe a country which, while evidently passionately keen to prevent its citizens from going abroad to fight as mercenaries, shows not a flicker of interest in dissuading its most enterprising 28-40-year-old managerial workers from leaving the country in droves? Daft, I call it.

Every recruitment consultant I talked to the other day reported from first-hand experience, a steadily growing number of these "top businessmen of to-morrow," wanting to export their skills. The Government's own Professional and Executive Recruitment Agency now has a register of about 18,000 people anxious to be considered for jobs overseas.

And that register was compiled before the Chancellor of the Exchequer blandly told us *the Government had decided to* make the burden of taxation still greater.

"I used to think the Government didn't know what it was doing," said the most gloomy of my informants. "But now I suspect that it does—which makes things look worse. Surely it must see that the people who are being driven out are the very ones who would be needed to restore a mixed economic system to health?"

The consensus opinion is that the repellent force is not just high tax, although the impending further heights will make the force stronger. Another factor is the probability of a long-lasting incomes policy including a top limit set at a relatively modest level. A third factor is the signs of an increase in business confidence overseas. *A fourth is the fact that British* managerial working conditions are poor enough to make attractive jobs in "not-much-fun" areas such as the Middle East, which other Europeans will rarely consider.

Of the dozen recruitment professionals who lamented this outflow, eight were also disconsolate about prospects of any recovery in the demand for managerial workers here at home.

"The economy looks as though it could pick up," said one, "but I feel fairly sure that unemployment is going to get worse at all levels. The management market especially looks to have even more problems to go through. Companies can hardly escape the conclusion that one non-unionised senior manager can represent the cost of three unionised shopfloor workers. In times like these a lot of companies decide that in many cases middle managers are things they can learn to live without. It would not be so depressing if the same applied to the public services; but it doesn't.

"Whatever optimism may be starting in London," said another, "it's certainly not there in Liverpool or the Midlands, for instance, and even less there in Belfast. I can't see a single swallow to hint that spring is coming."

The other four recruiters, however, felt that demand might at last have bottomed out. January was buoyant compared with December. But January always is, and last December ended a quarter which saw the MSL Index of demand for executive types at an all-time low of 80—half the level of July—September 1973. Moreover, much of last month's sparkle seems to have faded during the past three weeks.

Nevertheless, there are reported hints of a slight pick-up in City demand, and in the call for sales and R and D staff—a god portent on previous experience—as well as accountants and even general managers.

But if these four consultants are optimistic, they are very cautiously so. "I can't help noticing a slight sign of a pick-up said one, "but I don't like saying so in case I frighten it away."

FRANK LANDERS, chief of Ford main dealer Skelmersdale Motors, wants a "ruthless go-getter" to take over the 25-employee service and parts side and at least double its £200,000 turnover p.d.q. Responsibility is to fellow managing director, 30-year old Michael Griffiths. Candidates must have run a business operation profitably and understand financial, organisational and marketing conditions of motor trade. Salary not less than £6,000. Car. Board seat must be earned within about six months. Address: Digmoor, Skelmersdale New Town, Lancs.—tel. 23434.

PER consultant, Joe Ayre (01-235 7030 extension 203) is seeking a qualified and experienced accountant to report to MD of planning consultants Freeman Fox and Associates. Work includes management accounting and costing. Base London. Salary at least £5,500.

Alex Tawney (01-235 7030, ext. 215) wants a financial negotiator for Croydon-based Omega Engineering. Responsibilities include international investment, negotiating credit facilities, and financial accounting. International banking experience needed. Salary £5,000 plus.

FINALLY, Alan Lowndes, famous among Jobs Column readers as namesake of the Lowndes's Fork career paradox, but also known as a painter, is having an exhibition at the Crane-Kalman Gallery in London. It opens to-morrow.

The Office World

EDITED BY JOHN ELLIOTT

Exchanging telephones

BY CHRISTOPHER LORENZ

WHO WANTS A computerised private telephone exchange? Just over a year ago, the question would have raised puzzled eyebrows throughout the business community. But now, the answer sometimes *seems to be "almost everyone."* The only current U.K. supplier of computerised PABXs, the ubiquitous IBM, last year doubled to more than a third its share of the market for exchanges with over 100 extensions. As a result, all its competitors are scrambling to get into the act.

The spectacular way in which SPC — or stored programme control—has burst upon the unsuspecting British business community was revealed in the Financial Times on December 30. Provided the Post Office's approvals procedure can move fast enough, a plethora of other SPC systems will come onto the market over the next three years.

Apart from glamour—which ought to be a dispensable luxury in these days of austerity—the advantages of the systems from the user's point of view may be extremely difficult to pin down.

The one factor to isolate at the outset is that IBM's success with its "3750" exchange is due in some degree to its outstanding marketing drive. It has directed its efforts at the boardroom, or immediately below, rather than at the (usually) lower-placed communications manager who is the traditional purchaser of PABXs. (This has had the side effect of raising the price ceiling for PABXs, a move for which IBM's competitors are truly thankful.) Such an approach has enabled it to transcend customers' traditional preoccupations with an exchange's individual functions, and instead offer an overall concept. To quote Mr. K. V. "Kap" Cassani, director-general of IBM Europe, "the biggest advantage by far (of the 3750) is flexibility: re-assignment of extensions, updating of directories, re-structuring of departments."

Electronics get more attractive as months go by

It is this sort of general concept, rather than a detailed cost-benefit analysis of each of the facilities offered by SPC, or a thorough assessment of *the human factors involved in* using such a sophisticated telephone system, which appears to be attracting many British executives to the idea of SPC —from whichever supplier.

Customers in North America and several European countries have been buying computer-controlled PABXs for several years, often on the basis of a blow-by-blow assessment of the pluses and minuses of SPC. The basic advantages read as follows:

Electronic equipment of any type is generally more attractive than traditional electro-mechanical designs, since it occupies less space, is quicker to instal, is generally more reliable, and has better self-diagnostic maintenance facilities. With inflation hitting labour-intensive mechanical equipment far harder than electronics (where some of the components are becoming rapidly cheaper), the relative attractions of electronics are increasing as every month goes by, even if it is currently more expensive.

A number of non-SPC, semi-electronic PABXs have just come onto the U.K. market, offering most of these advantages. But these are only exploited to the full when the control functions are exercised by software (a stored programme) rather than hardware.

The second category of "pluses" concerns the versatility and flexibility offered to the user by this combination of electronic hardware and computer-type software. The examples cited by Mr. Cassani would attract the customer organisation, rather than each individual employee. But there is a wide range of "facilities" which are of interest to both parties, ranging from abbreviated (or "short-code") dialling to comprehensive metering of incoming and outgoing calls. Constant increases in telephone tariffs have intensified customer demand for the latter beyond even IBM's hopes; Mr. Cassani admits this was an area where "we probably under-estimated the interest of the user."

The opponents of SPC argue that many of the facilities offered by such systems are either standard on the latest electro-mechanical designs (including pushbutton dialling), or can be "added-on," either to the extensions of certain executives (such as abbreviated dialling), or to the exchange itself (metering equipment). To which SPC advocates reply that this is a nuisance, since it may involve calling in various suppliers and the Post Office, and since it is very expensive to offer sophisticated add-on facilities to everyone on an exchange.

Many customers are extremely interested in anything which cuts the need to call in Post Office engineers—where delay often occurs—which is why the ability to alter extension numbers just by pressing a few keys and altering the software is cited by so many SPC users. Traditional exchanges require a PO engineer to re-wire every such change.

A much-discussed "plus" of IBM's PABX is its ability to collect data from around a site (though not to process it). Clocking-in and out on flexi-time, controlling access to security areas, and acting as a two-way channel of communication to a computer—these facilities have interested many customers, particularly on the Continent. Some competitive designs plan to go even further, in that their computers will be able to act more as "front-end processors" to a main computer, but other companies consider that the use of SPC is justifiable for its voice functions alone, and that data facilities will still be best added-on with separate equipment.

This may all be very glamorous but there are also some "minuses" in SPC. Apart from the extra purchase cost, one point often overlooked is that a computer needs far more, and more continuous, power than a traditional telephone exchange; in some cases an SPC exchange could cost over £3,000 more in annual electricity tariffs alone.

Most SPC exchange manufac*turers in North America and on* the Continent have had problems making their equipment cheap enough for the bulk of PABX customers, who have less than 300 extensions, because duplicated processors are too expensive at that level. In the U.K., at least, IBM has few customers with under 400 extensions. The growing reliability of single processors may overcome this problem in future, however.

The next drawback is the human factor. IBM's exchange, for example, offers about 30 voice facilities to the individual *user (as distinct from those* offered on the data side, or to the operator). Things such as "manager-secretary service," "camp-on with automatic re-call" and, even more abbreviated dialling, may seem attractive but will people remember how to activate the facilities when they cannot even remember how to transfer a call on a traditional exchange? A recent meeting of communications managers revealed considerable scepticism on this point.

But the real problems arise when you try to cost-justify all these facilities. Is it possible to attach a value to the reduction in an employee's or customer's waiting time (which is what several facilities offer)? Or to push-button and abbreviated dialling, which the time required to number, but scarcely through any quicker to side world, since the network cannot work an than it does for the PABX? These two f actually create extra time, which may give yo time to think, or redu blood pressure, but it is to quantify their e value.

The operators' desk of Lansing Bagnall's electronic switching system in Basingstoke. The 3750 exchange controls 55 external lines and 450 internal connections.

Interest in add-on units has intensifie

The most controversi tion of all is that of cal ing. Last year's increases in telephone have intensified interest wealth of add-on mo units which are now market for electro-me exchanges. Like almost designs, they offer co recording of the locatio and cost of each call. of most use to organ which want to allocate co cation costs between ments, but many do not in such a sophisticated and would not be able t the flood of audit info anyway: Mr. Graham general manager of t Utility Service's teleco cations division, argues t tinuous monitoring of a other than telephone only necessary for organ large enough to have o extensions on an ex otherwise, a week or two is sufficient, he main implying that it would b cheaper to rent special ment for this short peri to purchase a yea facility, whether as an or in the form of SPC.

Before last year's breaking order intake t many of these "minus" would have been made established British supp PABXs; one of them has withdrawn his comment 1974 that SPC was "an sive gimmick." But th not detract from the n users to construct a balance of the pluse minuses before plumpi the latest technology.

EXECUTIVE HEALTH

Beware the false gods

BY DR. DAVID CARRICK

MOST PERIODS in the history of man have been influenced by false gods which have had a profound effect upon all in their thrall.

In Hesiod's time, either through a sense of inadequacy or for more devious reasons, no fewer than 30,000 gods were worshipped. And, so that no wrath-provoking omissions should be made, those ancient Greeks even celebrated the "Feast of the Unknown God."

Twentieth century man, whose IQ is no higher, has fewer such deities but far more men to tend and foster their whims. Among the most puissant of these false gods are blinkered science, statistics, and their omnipotent handmaiden, the computer.

The results of all three can be beneficial, particularly, when they are used in their proper place as *servants* to man: it is when they appear to be the *masters* that grave and melancholy harm may result.

Medicine is as threatened as any other endeavour by this unholy trinity. Statistics may be provided to prove opposites; yet they are often accepted as sole proof of some notion in the absence of all other proper and acceptable tests of validity. Highlighting this recently, the British Medical Journal, when quoting a statistical assessment of official records of deaths from certain heart diseases, over a period of 17 years, showed that mortality increased as milk consumption decreased—the association was "highly significant (P<0.001)."

"According to the statistics you're dead."

The article, although agreeing in the truth of the statement, went on to say that the "frightening feature" was that "anyone making it is unlikely to volunteer that over the same period mortality from heart disease was highly significantly correlated with increased consumption of butter, and for that matter equally strongly correlated, positively or negatively, with consumption of several other commodities."

But, of course, statistical work can be of immense value —witness the work done in the early 1940s in Australia which led to the observation that a German measles epidemic some ten years earlier was the only explanation for the high proportion of congenitally malformed children. Even then, however, it was only after various experiments were performed that the whole truth was accepted.

An example of inexplicable scientific error which has always served as a warning to me was when we were trying to discover the break-down product of a new drug. Every day for a week, six patients under treatment with the product volunteered to help with the problem. Urine spe were collected at set i and I had the job of c labelled bottles in a bin packed with ice to W where I met a man to handed my sinister cargo its destination, the were examined by kee with intricate methods. three days—success! called to witness one which showed a perfect indicating the victory. the patient's name, I for caution and telephon male charge-nurse. "E asked, "did you succeed ting six specimens Mr. X?" "Oi didn't. Sir the reply. "An awkwa divil, as you know. So got the one and divided six, so's not to disappoin

Heaven knows what scientists found to differ same specimen: but it w as well that I knew the was a human and th delightfully unreliable.

It is this fallibilit distinguishes man fro machine. And doctor become more intrigu science than their p happiness and executiv seem to fancy that and women use oil a blood; would do remember that, b efficient machinery may possesses neither imag nor compassion; and th may perform the tasks it is not fashioned to of its creator.

Sadat hopes to raise $5bn. from rich Arab states

BY IHSAN HIJAZI

BEIRUT, Feb. 22.

[PRE]SIDENT Anwar Sadat of [E]gypt in his current visit to [Sa]udi Arabia and projected tour [of f]our Gulf states is seeking to [rai]se about $5bn. in aid for what [he] calls a "badly needed trans-[fusion]" for the Egyptian [ec]onomy.

The huge sum, according to [w]ell-informed Arab diplomatic [so]urces here, is essential if the [E]gyptian economy is to be put [ba]ck on its feet, and will be [re]quired over the next five years.

President Sadat, according to [th]e diplomats, maintains that [E]gypt needs a kind of "Marshall [Pl]an" for reconstruction after [th]e four wars it has fought with [Is]rael in the past 28 years. He [fe]els the oil-rich states are duty [bo]und to provide the assistance, [be]cause Egypt fought not only [for] herself but also for the entire [Ar]ab nation, the sources said.

The $8bn. these states have [al]ready given Egypt during and [aft]er the 1973 Middle East war [we]re for immediate reconstruc-[tio]n projects, and to finance [ar]mament purchases from the [We]st after the Soviet Union had [de]cided to withhold weapons.

President Sadat, who arrived [in] Riyadh yesterday, began talks [wit]h King Khalid, Crown Prince [Fa]hd and other top Saudi [offi]cials to-day. The visit is to [las]t four days, after which he [wil]l make a quick tour of Abu [Dh]abi, Kuwait, Bahrain and [Qat]ar.

Originally, the trip was to be undertaken by Egyptian Premier Mamdouh Salem, but a lukewarm response by the Governments of these states to the Egyptian assistance demands prompted President Sadat to make the tour himself, the diplomats said.

Furthermore, the timing of President Sadat's trip is of political significance, since it coincides with the completion of implementation of the second-stage Sinai agreement between Egypt and Israel.

Israeli forces have now completed their withdrawal from about 6,000 square kilometres in Sinai. More than half of this territory is back under direct Egyptian control, while the rest is under the UN.

Observers of the Middle East scene had already predicted that President Sadat would embark on a new Arab initiative to get Egypt out of its virtual isolation resulting from the Sinai accord.

President Sadat is expected to take a stronger tactical stand against Israel, without however this changing Cairo's basic policy of seeking a peaceful settlement of the Middle East conflict.

King Khalid had been trying to end the breach in relations between Egypt and Syria, and between Egypt and the Palestine Liberation Organisation (PLO) over the Sinai agreement. Mr. Sadat's arrival in Riyadh has revived speculation that Saudi Arabia may now intensify its mediation.

President Sadat has kept up his criticism of the Syrian attitude and of the Soviet Union. In an interview yesterday with the Saudi newspaper, Okaz, he said that Syria had fanned the fire of strife in Lebanon by allegedly providing the Moslems with weapons to kill Christians, and Christians with arms to kill Moslems.

THE AGREEMENT between Egypt and Israel under which neither side will resort to military force was implemented to-day almost six months after the end of negotiations when Egyptian troops advanced in Sinai to take final control of what used to be the UN buffer zone, Michael Tingay reports from Cairo.

The Israeli Cabinet to-day gave the go-ahead for a proposed U.S. peace initiative in the Middle East, Reuter quotes Cabinet sources in Jerusalem. They said the Cabinet empowered Premier Yitzhak Rabin to tell the U.S. it did not oppose an investigation among all Arab States of the possibility of negotiating peace agreements or at least ending belligerency in the Middle East.

Key talks for ASEAN in Bali

By Peter Duminy

BALI, Feb. 22.

HEADS of Government of the Association of South East Asian Nations (ASEAN) arrived in Bali during the week-end for a meeting aimed at giving badly-needed direction to the five-nation club which has been in existence since 1967, but which has shown few signs of doing anything.

The two-day Summit meeting which opens at the Pertamina cottages here to-morrow, will be the first ever of the five Heads of Government of Indonesia, the Philippines, Thailand, Malaysia and Singapore.

Form rather than substance is likely to be the main feature of the final communique. Also, there may be a move to set up a permanent multinational secretariat which could help to promote ASEAN's organic growth.

There seems to be serious disagreement within ASEAN on virtually all matters of detail, though the Governments do have the basic feeling that they need each other.

Free trade is one such area with Singapore and the Philippines claiming it would attract development capital to the area as a whole and Indonesia arguing it would inhibit industrial development.

THE U.S. PRIMARIES ● JUREK MARTIN IN NEW HAMPSHIRE

No red-hot favourites

GERALD FORD and Ronald Reagan can now do little more than bite their finger nails. Their campaigning in New Hampshire effectively over, both now await the verdict of the State's Republican voters on Tuesday with some trepidation—the President in the knowledge that he is being haunted by the presence of Richard Nixon in Peking—Mr. Reagan by the fear that his band wagon is not firing on all its cylinders.

It must be galling for Mr. Ford to see the TV and newspaper headlines hogged by the disgraced former President in the run-up to an election which may determine Mr. Ford's chances of holding on to the Presidency. Four years ago the same Richard Nixon was playing the statesman in Peking while Edmund Muskie, the then leading Democrat broke down in the snows of New Hampshire because of a Press attack on his wife.

Now Mr. Ford finds himself in a controversy over whether Mr. Nixon, the private citizen, should be debriefed by the Administration on his return from China. Dr. Kissinger, the Secretary of State, has said in Brazil that this would be desirable, but Mr. Ford's political advisers in Washington are, for obvious reasons, not so enthusiastic. Mr. Nixon, everybody agrees, is the kiss of death to the Republican Party.

Mr. Ford's hope is that the impact of his two campaign trips to New Hampshire this month will have turned the tide against Mr. Reagan, who has been here seven times in all.

It is difficult to assess the effectiveness of the Ford effort here: it is not very visible in the streets, its media advertisements are not as frequent as those of Mr. Reagan, and it is not easy to detect much personal enthusiasm for the President. His greatest trump card is that he is chief executive.

In contrast, Governor Reagan is a media event in himself. Dogged wherever he goes by hordes of cameramen and newspapermen who scent an upset, his carefully organised schedule mixes up set speeches with question-and-answer sessions in front of audiences which, cynics say, have been chosen for their tameness.

But Mr. Reagan performs well. Even though he eschews specifics, the theme to which he returns endlessly is the need to emasculate Federal bureaucracy. ("I am not part of the Washington establishment," is his catch-phrase.)

He has a facility for injecting this argument into almost everything he says. He always strives to appear reasonable, speaking earnestly and fluently and without recourse to patent demagogy, and warning that there may be exceptions to every rule. (He acknowledges, for example, that there may be occasions when Government aid to troubled companies is warranted.) But in ticking off the defects of a national health system yesterday, he made several comparisons with Britain so outrageous as to evoke muffled cries of "rubbish" from the assembled British journalists.

He almost totally ignores President Ford. He rarely volunteers his name, and only when pushed to defend radical proposals that have been associated with him such as those cutting Federal spending, and reforming the Social Security system. However, he vigorously denies contemplating making Social Security voluntary, or investing the Social Security trust fund in the stock markets.

His attack is on Washington as the bureaucratic capital, on the Federal courts, and on the Democratic Party which, he contends, has inserted the Government into the private lives of the citizenry.

But the culmination of his efforts here, a big rally in the Manchester Armory last night, was not exactly a glittering success. The audience, numbering some 2,500, was large by the standards of the State, but nothing like as big as the Nixon rally four years ago, which did not even feature the candidate. The audience also hardly reflected a true cross-section of the State's population: it was one-dimensional, concerned as much with the High School bands and the balloons, as with what Mr. Reagan was saying. From a technical point of view it had (to use the vernacular) neither snap nor bizazz.

This may, and only may, be a sign that Mr. Reagan is not going to sweep all before him in New Hampshire but nobody is taking any bets on the outcome.

Nixon woos China at banquet

PEKING, Feb. 22.

FORMER U.S. President Richard Nixon to-night issued an eloquent and impassioned call for closer Sino-U.S. ties in his first major speech since the Watergate scandal forced his resignation. He declared that history called on China and the U.S. to work together in the interest of world peace.

The speech climaxed a day in which the Chinese treated Mr. Nixon as a virtual head of state. He had talks lasting more than two hours on international questions with China's new Acting Premier Hua Kuo-feng and a high-level delegation.

Mr. Nixon's banquet speech contained veiled criticism of the Helsinki security conference, which Peking has bitterly denounced.

Mr. Hua earlier made his first public speech since he was appointed Acting Premier two weeks ago and referred to the radical campaign under way in China, describing it as "a continuation and deepening of the great proletarian cultural revolution" of the 1960s.

Missing from the banquet was Mr. Teng Hsiad-ping, the senior vice-premier who hosted President Ford's trip, and is one of the main targets of the campaign.

Earlier the Nixons visited the widow of Premier Chou En-lai, the man who helped him rebuild Sino-U.S. relations four years ago.

Reuter.

Portugal recognises Luanda regime

[B]Y PAUL ELLMAN

LISBON, Feb. 22.

[PO]RTUGAL to-day finally recog-[nise]d the MPLA regime as the [sole] legitimate Government of [An]gola.

[R]ecognition was formally [ann]ounced after an all-night [eme]rgency meeting of the Cabi-[net] —the third devoted wholly to [the] question during the past [wee]k. The decision was reached [des]pite opposition from the [Pop]ular Democrats, the second [larg]est party represented in the [Gov]ernment, who have stated [that] they do not consider them-[selve]s bound by the vote.

[Th]e socialists, who previously [oppo]sed recognition, have now [swung] around, accepting the fait [acco]mpli of the Luanda Govern-[ment]'s military victory, but [acco]mpanying this with a call for [talks] on the future of more than [...]00 refugees from Angola [who] are now in Portugal.

[Th]e decision is likely to produce a bitter reaction from the refugees, who regard the present Luanda Government as unlikely to allow them ever to return to Angola, and who are now faced with the prospect of remaining in Portugal, where unemployment has already passed the 15 per cent. mark.

Both the Popular Democrats and the opposition Social Democratic Centre Party (CDS) have made it clear that they intend to make the disastrous decolonisation programme carried out since the coup of April 25, 1974, one of the central issues of the forthcoming election campaign, in which the votes of the refugees could play a significant part.

To-day's outcome of the agonised debate which has taken place since Angola gained its independence last November represents a major political victory for left-leaning elements inside the military leadership, notably Major Melo Antunes, the Foreign Minister, who was entrusted with the task of formally announcing the recognition decision at 6 a.m. this morning.

Although the furore generated by the debate over Angola is likely to persist over the coming months, the Cabinet decision in the more immediate future should allow both the military leadership and the political parties to return to the task of finalising the details of the new "pact" they have been negotiating for the past two months.

[TH]E MPLA has asked all [for]eign correspondents "with [the] exception of permanent [rep]resentatives of foreign [ne]ws agencies" to leave the [co]untry this week. The official [An]golan news agency, Angop [sai]d the decision had been [mo]tivated by the "necessity to [res]tructure the information [sec]tor," and announced that [the] granting of visas to foreign [jou]rnalists had been suspen-[ded].

[C]atalans 'disappointed' [a]t Cabinet commission

[BY] ROGER MATTHEWS

MADRID, Feb. 22.

[KING] JUAN CARLOS returned from Barcelona to-day after [a we]ek-long visit to Catalonia [durin]g which the Government [anno]unced that it was setting up [a spe]cial commission to study [the n]eeds of the region.

[Mem]bers of the illegal [Asse]mbly of Catalonia and of [the] Council of the Political [Partie]s of Catalonia were pre-[dictab]ly "profoundly disap-[poi]nted" at the announcement [made] after Friday's Cabinet [meeti]ng, which they saw as a [delayin]g tactic that ignored the [democ]ratic, political and econo-[mic] aspirations of the Catalan [people].

[Pol]iticians from both groups [said] that another Government [decisi]on to transfer certain [burea]ucratic powers from [Madri]d to Barcelona would [have] little effect if these remained in the hands of central government appointees.

In Madrid riot police used truncheons this morning to break up a crowd of over 4,000 people who were attempting to hold a meeting in a cinema. Permission for the meeting, called by the city's "local neighbourhood associations," had previously been refused by the authorities.

Prime Minister Carlos Arias has called an urgent meeting of the Cabinet for Tuesday to discuss a package of economic measures proposed by Finance Minister Villar Mir designed to complement the 11 per cent. devaluation of the peseta. The components of the package have been subject to intense discussion in the Economics Ministries, with reports of serious differences of opinion between the main Ministers involved.

[It]alian confidence vote won

[BY] ANTHONY ROBINSON

ROME, Feb. 22.

[ITALY']S minority Christian [Democ]rat Government of Sig. [Aldo] Moro has got over its first [hurdle] by winning a vote of con-[fidenc]e in the Lower House on [the ba]sis of 287 votes for, 220 [agains]t and 60 abstentions. A [simila]r result is expected from [the Se]nate by mid-week.

[The] line-up reflects the [suppor]t of the Christian Demo-[crat an]d Social Democrat parties, [the ab]stention of the Socialist, [Repub]lican and Liberal parties, [and th]e opposition, for differing [reason]s, of the Communist Party [and th]e neo-Fascist Movimento [Social]e.

[The] confidence vote was preceded by a lengthy debate, whose most significant feature was a lengthy speech by Sig. Enrico Berlinguer, Secretary of the Communist Party (PCI) during which he put forward with renewed insistence the PCI line that Italy is no longer governable without the formal participation of the Communist Party in Government.

The PCI, he made clear, is still pushing for the acceptance of its offer of a "historic compromise" between Socialists, Catholics and Communists, but Sig. Berlinguer also raised indirectly the prospective of a possible Left-wing Government

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

Spinning a strong, new yarn

EVERYWHERE in the world new systems of spinning are being developed. The main objectives appear to be speeding and simplifying of production on the one hand and the production of much larger yarn packages on the other.

At present spinning is restricted to a size of package which is usually called a cop (or bobbin) that is built inside a ring and round which a traveller rotates as it inserts twist into the thread. Clearly there are limits to the size of ring, speed at which the traveller can move and the air drag on the balloon of yarn as it too revolves.

Several new systems have been developed, but the Repco system from Australia has already established itself as an excellent way of making twofold yarns. These are made simply by feeding two strands of fibre between feed rollers which reciprocate laterally. The strand between the nip of these rollers is thus given a twist in one direction, then it momentarily stops and has zero twist before being reversed to the opposite direction.

Phasing of the point at which zero twist is inserted in one strand is arranged so that it matches precisely the maximum twist in the adjoining strand. When brought together the two ends wrap round each other and so become self-supporting. Without one of these the strand would simply lose its twist and collapse.

The machine on which such yarns are produced is little bigger than a domestic twin-tub washing machine, but it has immense production and builds big packages of yarn that are immediately ready for use. Unfortunately the process can only make yarns that have two separate elements, whereas the trade requires a great amount of singles yarn, particularly in the knitting area.

At the Wool Research Laboratories of CSIRO in Australia the problem has been tackled and it appears that most of the problems this has raised have been effectively solved.

Built in U.K.

A completely new machine has been developed which is known as the Selfil. This is being built under licence in Britain by Platt Saco Lowell, P.O.B. 55, Accrington BB5 0RN (tel. 0254 382101).

In very simple terms what it does is to take a single strand of wool—or some other staple fibre—and mount this in a creel above the machine. From below are introduced two ends for each yarn, of an extremely fine nylon of say 17/3 dtex/fils., or 22/7. These two strands are treated in precisely the same way as the strands in the original Repco machine and, if left alone would combine and support each other, but by introducing the strand of wool between them they wrap round it and so give a very fine yarn that is strong and has all the characteristics of a singles yarn.

It is, in fact, ideal for circular knitting on single and double jersey machines and it is even being mooted for ultra high-speed warp knitting machines. Knitted wool shirtings and suitings appear to be practical with these new type yarns.

The industry, however, will not accept a new machine simply because it can perhaps open the market somewhat wider. It expects other "in-mill" savings that will place production on a more competitive level.

Selfil, according to studies—and there are commercial installations now operating in Australia — produces yarns 16 times faster (300 m/min.) than the old type ring spinning machines. A single operative can tend between 10 and 12 Selfil units, while the yarn itself, because the wool core has only slight twist is bulky and extremely soft. The minute amount of nylon, acting as a skeleton surrounds the wool and although somewhat obscured by the natural fibre, serves as an important reinforcement element. Manufacturers are now looking very seriously at Selfil. Certainly the production claims and the amount of floor area required, compared with old type machines, is in no way disputed.

The yarns themselves are now under evaluation and from trials so far carried out six clear gains might be expected: improved winding performance; less "fly" at the knitting machine; no skewing of the fabric; fewer faults (mending times have been cut by as much as 60 per cent.); greater stitch clarity and a more even fabric appearance; and greatly improved end-use performance.

● AUTOMATION

Nine tasks on one machine

AN AUTOMATIC drilling, recessing and tapping machine has been developed and built by Whiteway Engineering Company, for Norgren Shipston, a member of the fluid power group of Imperial Metal Industries.

The machine produces nine multi - directional intricate machining operations within a 15 seconds' cycle. The components are pressure die-cast bodies for industrial air line lubricators. The machine design enables two components with different machining requirements to be handled with minimum machine down-time.

Basis of the equipment is a six-position Geneva type indexing table, 800 mm in diameter, carrying six fixtures with manually operated clamping devices.

Each of the seven drill heads can be individually selected from a control panel to vary the machining programme, and each head can also be operated independently from its own position for setting-up. All are standard units with air/hydraulic feed, some with "peck" action for swarf clearance.

The machine, which is stated to complete all its operations well within the required tolerance, is supplied with its own coolant tank, incorporating filter unit and pump.

Details from the maker at 50 High Street, Kingswood, Bristol (0272 674220).

One of the larger intake flares for the Rolls-Royce RB211 industrial gas turbine produced in glass reinforced plastics from a polyester resin developed by Synthetic Resins, Liverpool.

● DATA PROCESSING

Records of a stored trace

THE 4001 from Gould Advance provides a "hard copy" output from the recently introduced OS4000 digital storage oscilloscope by producing a permanent record of a stored trace on any X-Y, T-Y or strip-chart recorder. Digital outputs are also provided. The unit is housed in a 3.75cm-high case which fits underneath the OS4000.

Analogue outputs include channel 1 and channel 2, plus a ramp output, all giving 100mV per centimetre of screen deflection. The digital outputs are 8-bit parallel binary t.t.l. levels for channels 1 and 2, and 10-bit parallel binary t.t.l. levels for ramp.

Output rate is adjustable by the time-base control, down to a sweep of 200s (about 200ms per point). A single output sweep can be initiated remotely or by pressing the "start" button. A contact closure allows the pen to drop or the motor to start, and a variable delay between 0.1 and 1s is provided between operation of the "start" button and the start of the readout, which allows for operational movements.

Gould Advance is on 0799 27240.

● ELECTRONICS

Take note of flexible hours

THE electronic flexible working hours system developed by Feedback Data is to be distributed in the U.K. and most overseas markets by International Time Recording Company.

It will be marketed as ITR Feedback and is based on self-contained wall-mounted badge reading units called Flexibanks, each of which can remember the working hours of up to 255 people. Installation costs are claimed to be low enough to offer a major price advantage over other systems to many categories of user.

Staff members register arrival and departure by inserting plastic cards and can see at a glance the state of their "hours account." Supervisors can easily make manual adjustments allowing for authorised absence etc.

At the end of each accounting period a printed list of hours worked can be obtained by simply plugging a portable printer into each bank in turn. More from Beavor Lane, London W.6 (01-748 4484).

● SERVICES

CAD cards shuffled to no purpose

INVESTIGATION of the recommendation effectively to close down the public fund-supported CAD Centre at Cambridge, put forward by the ad hoc Computer Requirements Board set up by Sir Euan Maddocks, indicates the existence of a master plan in the background of whose existence and details not all participants are thought to have been aware when they made their recommendation.

The plan to set up a copy of the French IRIA, it now transpires, has been taken much further than previously indicated. The plan is to try to create something variously called the Federated (or Federal) Engineering Computer Centre. This would include the remains of the CAD Centre and any surviving CAD research/services contracts, the rump of the computing left by the Science Research Council at Chilton (primarily computing services to the engineering industry), when the SRC moves its main unit to Daresbury, and the transfer of the National Physical Laboratory's Computer Sciences Division from Teddington.

The new centre would be at Chilton. The intent seems to be to provide an interactive computing service for the engineering industry as well as lumping in whatever computer research and development can be grabbed. There seems to be little recognition of the fact that an extremely diverse collection of conflicting interests will result.

The master plan now up for discussion and being shepherded through the Civil Service suffers from the fact that its originators have not thought what the new centre is to do.

The current plan envisages that the various parts of the new hybrid should be responsible to their several original sponsors, a recipe for continued confusion.

This was one of the major problems which faced CADC in that its various applications for funding were never solely the province of any one Requirements Board and were passed around between them. Confusion is compounded by the fact that some of the industry objectors to CADC did so on the grounds that it was too deeply engaged in commercial activities, and that the provision of staff by ICL's Dataskil was in some way unfair competition.

But the new centre can hardly be expected to be any less commercial, and in any case CAD Centre originated in an ICL proposal and its first staff were drawn from the former ICT CAD group. Dataskil seems to have acted primarily as a "body-shop." It has provided CAD specialists who went there specifically for the purpose of engaging in that work.

CADC may have been too unadventurous in its R and D, but that has been solely under the control of the Centre's directing staff and the Department of Industry.

● RESEARCH

Helium neon laser by Ferranti

PROFESSIONAL components department of Ferranti at Dundee has added a 2mW helium neon laser to its range.

Soro 2000 is a multi-purpose laser for industrial and laboratory use. The device has a cylindrical laser head incorporating a prealigned internal mirror plasma tube, and a separate power supply. The laser head can be mounted on the power supply or used detached if required.

Long life and reliability result from the fact that the laser tube is extremely rugged. It is of cold cathode coaxial construction, and the mirrors are well protected against adverse environments by a proprietary mirror sealant.

Use of hemispherical mirrors and coaxial mounting of all elements ensures that beam alignment is maintained even under difficult mechanical or thermal operating conditions.

The laser is suitable for a variety of applications such as the teaching of optics, alignment, distance measurement by means of the Doppler effect, optical testing and processing, and holography.

Ferranti, Dunsinane Avenue, Dundee DD2 3PN. 0382 89321.

Reducing hydraulic noise

TO INVESTIGATE and measure noise in hydraulic systems, BHRA Fluid Engineering has been awarded an interim contract worth about £88,000, by the Department of Industry.

This is a continuation of work started by the DoI, BSI and the Association of Hydraulic Equipment Manufacturers, and is part of a major investigation of noise sponsored by DoI as a result of recommendations made by an Institution of Mechanical Engineers working party.

Reduction of noise has become a major interest of both equipment manufacturers and users of fluid power. The measurement of noise in pumps, components, and flexible hose, and the isolation of the noise-transmitting parts of the pump circuit, will help to improve circuit design and reduce noise levels generally for public and industry, says BHRA, which is at Cranfield, Bedford (0234 750422).

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

CONTRACTS AND TENDERS

IBAR – LEPENAC PROJECT YUGOSLAVIA

IBAR-LEPENAC ENTERPRISE calls for International competitive bidding for manufacture, delivery and erection of the following electrical equipment for the structures of Ibar Project:

Control, Measuring, Metering, Protective Equipment and Control Cables for

GAZIVODE HPP
BESINJE PS
HAMIDIJA PS

The tenders for the above items are open only to manufacturers in member countries of the International Bank for Reconstruction and Development and Switzerland.

Tender documents may be obtained from Ibar-Lepenac Enterprise, Pristina, Lenjinova Street 13, Yugoslavia, from February 23, 1976 against down-payment of unreturnable US $ 50. Tender documents shall be supplied in two complete sets, which is covered by above said down-payment. Tenderers shall deposit payment to account No. 684-00-620/58 — 32000 — 72, at Kosovo Bank, Pristina, marked "for Ibar-Lepenac."

Tenders shall be submitted not later than April 15, 1976.

Further information may be obtained from Ibar-Lepenac Enterprise or at Energoprojekt, Engineering and Consulting Co., Zeleni venac street No. 18, Beograd, Yugoslavia.

INVITATION FOR THE SUPPLY OF 3000 DWT PETROLEUM TANKER

The People's Democratic Republic of Yemen
Petroleum and Mineral Board

The Government of the People's Democratic Republic of Yemen wishes to invite offers for the supply of:

ONE — 3000 Deadweight Petroleum Tanker suitable for flashpoint below 60°C

CHARACTERISTICS — Approximate for guidance:

Length O.A.	—	95 Metres
B.P.	—	85 Metres
Beam	—	14 Metres
Depth	—	6.5 Metres
Draught Loaded	—	5.5 Metres
Gross Tonnage	—	1600 Maximum
Range	—	5000 Miles
Speed	—	13 Knots Service
Classification	—	+ 100A1 or Equivalent
Crew	—	18

CARGO

6 x 3 set cargo tanks all epoxy coated. Heating coals — Centre Tanks — cargo pumps — 3-250M³/hr. Cargo Piping — 200 m/m Dm Min. — Cargo Segregation — 6 Grades Min — Main Engine — Diesel — Medium Speed — Reverse Reduction Gear — Bridge Control — Fresh Water Cooling.

AUXILIARIES

3 — Generators Diesel Driven — 440 Volt — 50 NZ — KVA to suit installed equipment — Diesel Driven cargo pumps — ballast pump 100M³ — 25M head — Fire and bilge pumps — 2 air compressors — 2 engine cooling pumps — lubricating oil and fresh water heat exchangers for tropical conditions — fire protection equipment to IMCO requirement — Oil/water separators for prevention oil pollution.

NAVIGATION EQUIPMENT

Radar — Direction Finder — Gyro Compass — Auto Pilot — Echo Sounder — wind speed and direction indicator.

ELECTRONICS

Radio telephone — V.H.F. 28 Crystals — Lifeboat Radio — Intercom.

ACCOMMODATION

18 Person minimum — air conditioned for trading area.

DELIVERY

Interested suppliers are requested to forward details of their offers as soon as possible to:
The Chairman Petroleum and Mineral Board,
P.O. Box 5050, Maalla, Aden.
People's Democratic Republic of Yemen.
Telex: AD 215

The Board will notify all offers of their interest as soon as possible after receipt of Vessels details. All submissions should be in the English Language.

A. G. McKEE & CO. on behalf of YACIMIENTOS PETROLIFEROS FISCALES BOLIVIANOS

INTERNATIONAL PUBLIC LICITATION NO. 17

PURPOSE: Supply of power transformers (19) according to NEMA Std. Tr. 1 or of IEC (Publication No. 76) suitable for outdoor installation, K.V.A. 200 up to 10,000, for a refinery at Cochabamba, Republic of Bolivia.

OPENING OF BIDS: On May 27, 1976 at the below-mentioned offices, at 11:00 a.m. The bids will be received until that date and time.

PRICE OF SPECIFICATIONS AND BIDDING CONDITIONS: U.S. $50.00 or its equivalent.

BID BOND: 0.5% of the amount of the bid.

INQUIRIES AND DOCUMENTATION: Inquiries may be made and specifications and bidding conditions may be secured at the office of "A. G. McKEE & CO.," Hipolito Yrigoyen 440, 8th floor, Buenos Aires, Argentina.

VALIDITY OF OFFERING: Ninety days following bid opening date.

FINANCING: By the BANCO INTERAMERICANO DE DESARROLLO (INTERAMERICAN DEVELOPMENT BANK), in accordance with Contract No. 225/OC-BO with the Government of the Republic of Bolivia.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
MINISTERE DU COMMERCE
SOCIETE NATIONALE DE COMMERCIALISATION DES TEXTILES ET DES CUIRS
SN. COTEC

Telex No.: 52.072

INTERNATIONAL INVITATION TO TENDER

An international invitation to tender has been launched for the supply of:

Thread for weaving

Thread:	100% cotton	1610 tons
	100% fibrane	115 tons
	Mixed polyester	1370 tons
	100% acrylic	140 tons
	6 x 66 nylon	230 tons

Thread for knitting

Thread:	100% polyester	2150 tons
	6 x 66 polyamide nylon	3400 tons
	6 x 66 brushed nylon	730 tons
	100% cotton	690 tons
	100% acrylic	1900 tons
	Mixed acrylic	100 tons
	Mixed polyester	100 tons

Documents may be obtained from the Direction Générale, 3 boulevard Anatole France, Algiers (Algeria) on pre-payment of one hundred dinars (Dinars 100) or by money order payment on receipt of the documents.

Suppliers already trading with SN. COTEC will receive the documents directly against payment of the equivalent of one hundred dinars (Dinars 100).

Tenders, together with usual required documents should be sent in a double sealed envelope clearly marked "Ne pas ouvrir — Soumission Appel d'Offres No. 002/76" — "Not to be opened — Tender No. 002/76" to the above address before the forty-fifth day inclusive as from the date of the first publication of this present announcement.

GRAMPIAN REGIONAL COUNCIL

APPOINTMENT OF DESIGNERS AND DEVELOPERS

EXHIBITION TRADE CONFERENCE, HOTEL AND SPORTS CENTRE BRIDGE OF DON, ABERDEEN

The Grampian Regional Council wish to consider the future development of the showground at Bridge of Don, Aberdeen, as an exhibition, trade, conference, hotel and sports centre. The showground extends to 19.43 ha. (48 acres) and the Council own a further 37.23 ha. (92 acres) which might be available for further expansion. The 1975 Off-shore Europe Exhibition was held at the site.

Consortia of designers, architects and developers who consider that they have the necessary knowledge, experience and financial backing to develop such a centre are invited to submit an outline of their proposals for the development of the showground. The proposals will require to take into account the likelihood that the 1977 Off-shore Europe Exhibition will be held at the site. Full details of the members of each consortium and financial backing should be given. After the Council has considered the various proposals, a consortium will be chosen and requested to prepare a feasibility study of the proposed development at their own expense. In the light of the feasibility study the Council may be prepared to enter into an agreement with the consortium or to grant the consortium a long lease to develop the site.

A plan showing the location and extent of the showground may be obtained on request. Meetings to discuss the formulation of the proposals can also be arranged if desired. The outline proposals should reach the Chief Executive, Grampian Regional Council, Woodhill House, Ashgrove Road West, Aberdeen AB9 2LU, not later than 16th March, 1976.

CONTRACTS & TENDERS
Appear Every Monday
Rate £19 per Single Column Centimetre
For further information Contact:
Mr. Francis Phillips
01-248 8000 Ext. 456

PLANT & MACHINERY SALES

Description	Price	Telephone
1974 Ten Stand roll forming line by Hunter-Douglas. Virtually unused Capacity 200 mm x 2 mm M.S. strip complete with automatic cut-to-length equipment.	P.O.A.	021-556 0904 Telex 336414
2 Stand Rolling Mill for flattening wire and rolling narrow strip. Complete with edging rolls and recoiler.	P.O.A.	021-556 0904 Telex 336414
Reconditioned Modern Used Rolling Mills, wire, rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	P.O.A.	021-556 0904 Telex 336414
1970 Herdieckerhoff 100 KW double vaccum annealing plant—useful charge area 625 mm dia x 2000 mm loading height—output 6000 l b per 24 hours.	P.O.A.	021-556 0904 Telex 336414
1974 Duplex Slitting Line to Process Sheet into a wide range of Accurately Slit Blanks. Fully Automatic Installation.	P.O.A.	021-556 0904 Telex 336414
1971 Automated 25ft Drawbench with pushpointer by Wellman—effective pull 10 tons at 100 f p m and 20 tons at 50 f p m. Virtually unused.	P.O.A.	021-556 0904 Telex 336414
New Leibherr 130 LHL static tower crane H.U.H. 60m jib Full warranty. length 40m. Lying Ireland.	P.O.A.	Cannock 77661
Liebherr 130 LHL static tower crane. H.U.H. 40m jib length 40m. New 1974. One contract only of 40 weeks. Lying Manchester.	P.O.A.	Cannock 77661

IF YOU HAVE PLANT AND MACHINERY SURPLUS TO YOUR REQUIREMENTS AND WOULD LIKE TO ADVERTISE IN THIS COLUMN, PLEASE TELEPHONE ON 01-248 8000. Ext. 456

Building and Civil Engineering

£14m. Algerian contracts

[D]EVELOPMENT of an industrialised building system by Britain's [Bu]ilding Research Establishment [is] now beginning to pay off.

Two contracts, valued together [at] £14m. for 1,260 flats in 2, 3 [an]d 4 storey blocks at Mosta[ga]nem, Algeria, have been [aw]arded to Merlin Construction [an]d they will all be built by the [Es]tablishment's Brecast system. [Ro]yalties from use of the system [wi]ll go to the Treasury and it [is] believed could amount to [ab]out £50,000.

Over 1,000 of the flats are for [th]e Office Public de l'Habitation [Lo]yer Moderne and 250 are for [th]e Walli of Mostaganem. It is [un]derstood that a contract for a further 1,000 dwellings is in the offing.

BRE has signed an agreement with Merlin Construction to provide the technical knowhow for the project, which will include a training course for supervisory staff and the provision of technical manuals covering architectural design, structural design, panel production and panel erection.

This is the second housing scheme to use the BRECAST system—the first is now being built in Indonesia (Jakarta).

BRECAST is a large concrete panel industrialised system and production is based on the use of on-site vertical casting batteries which are themselves made of concrete. The panels can be used to produce medium-rise blocks of flats or low-rise housing. Building designs are adapted to suit the various social environmental requirements of countries in the developing world. There is no need for internal plastering or screeding, and there is good resistance to earthquakes.

The Building Research Establishment said it was hopeful of receiving more inquiries about the system from the Middle and Far East, Africa and Latin America. These inquiries would be passed on to consulting engineers and contractors.

[S]cottish [f]actory [e]xtension

[GE]NERAL MOTORS Scotland is [ext]ending its factory at New[ho]use, Lanarkshire. The con[tra]ct, worth £2m., has been [aw]arded to Balfour Beatty [Co]nstruction.

[W]ork includes building pro[duc]tion and storage areas [tot]alling some 11,000 square [me]tres, together with external [wo]rks, alterations and up-grading [of] existing offices. Completion [is] scheduled for the end of the [yea]r.

[A]rchitects are Wylie Shanks [and] Partners, and the quantity [sur]veyors are James Barr and [Son].

[T]o build [s]ewage [w]orks

[CO]NTRACTS totalling £5.7m. [hav]e been awarded to R. M. [Do]uglas Construction — the [lar]gest is a £1.6m. project for the [con]struction of the Belmont area [sew]age disposal works for the [Nor]thumbrian Water Authority. [A] building components factory for Redpath Dorman Long (Contracting) is to be built near Tredegar, South Wales, for £¾m., and there are three other contracts worth over £½m. each—maltings buildings for Allied Breweries at Mistley, Essex; dualling of the A5117 trunk road for Cheshire County Council; and research facilities for the British Gas Corporation at Killingworth, Northumberland. Contracts at Kenfig, Nottingham, Gorseinon and Swansea, make up the total.

Automatic skip loader

NEW SHAFT facilities at Easington Colliery in the North-East Area of the National Coal Board are to be built by the Thornaby Division of Head Wrightson Process Engineering Cleveland.

Total value of the contract is of the order of £1.4m., covering the design, supply, erection, testing and commissioning of an automatic skip loading and discharge plant, steel-framed headgear and air casing, surface conveyors and screening plant.

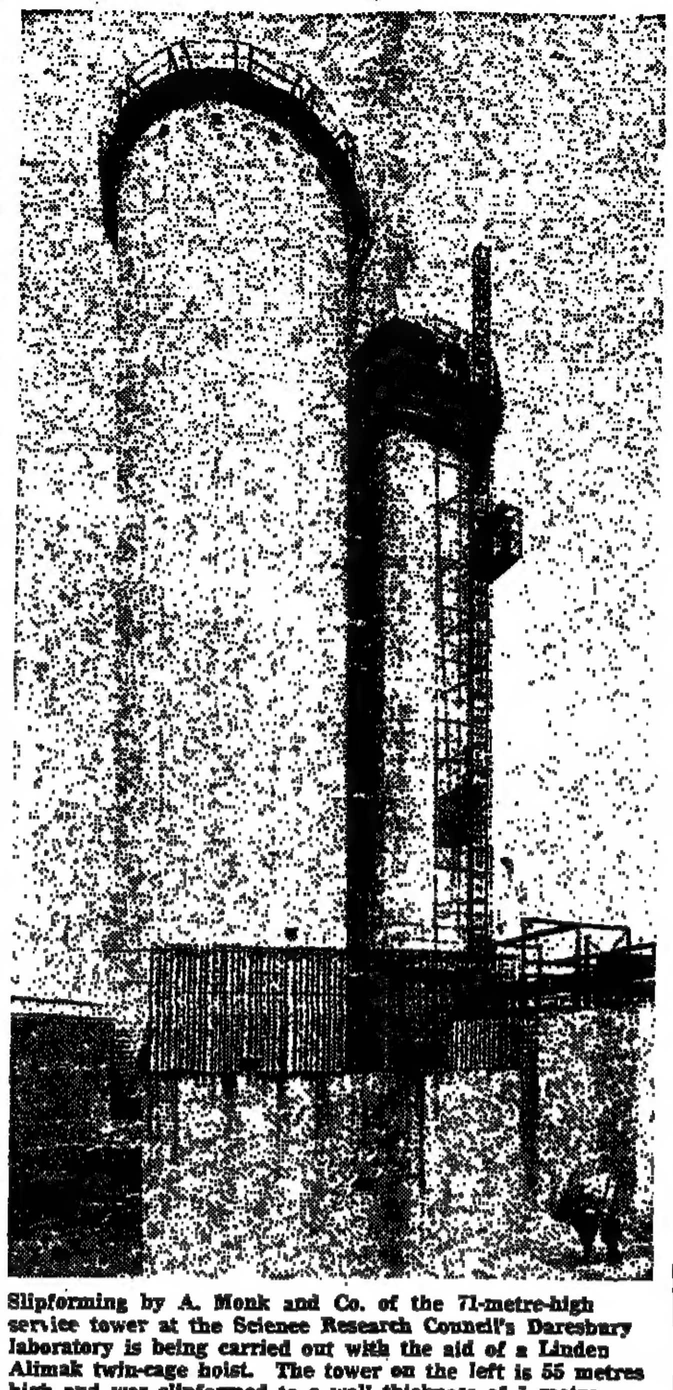
The new project forms part of the general reorganisation which is taking place at Easington Colliery to deal with the planned increase in output from the mine, this being part of the NCB's coastal strategy to produce increased quantities of high-quality coking coal for steelmaking purposes. Normal cage winding will continue at the north Downcast shaft while the new headgear and air casing are being erected. Changeover to the new headgear is programmed for this year.

Final changeover to skip winding will take place in 1977 at which time the NCB will commission a new mine ventilation fan and the north shaft will then become Upcast. The whole of the mine output will then be wound up this shaft which will have a capacity of 540 tons per hour using 10 ton capacity skips and if so desired this could be uprated at a later stage by the installation of 14 ton capacity skips.

Work in London area

FOUR CONTRACTS in the London area, worth a total of £1.5m., have been awarded to M. and F. O. Foster.

The largest is the third phase of redevelopment at Hornsey Central Council Depot. The other jobs are 36 old peoples' flats in Tottenham for the Borough of Haringey; 30 flats in Wheelwright Street for the Borough of Islington; and work on the Windsor telephone exchange for the Post Office.



Slipforming by A. Monk and Co. of the 71-metre-high service tower at the Science Research Council's Daresbury laboratory is being carried out with the aid of a Linden Alimak twin-cage hoist. The tower on the left is 55 metres high and was slipformed to a wall thickness of 1 metre—700mm. in ordinary grey concrete with an outer 300m. width of white concrete.

A concrete agreement

A licence agreement between Ciba-Geigy and Kao Soap Company of Japan allows the former to manufacture and market the concrete additive Mighty in Europe, Africa and the Middle East.

The product will be marketed in these territories as Irgament Mighty, the Industrial Chemicals Division of Ciba-Geigy (U.K.) of Simonsway, Manchester, having responsibility for the marketing and technical development of the product.

Irgament Mighty is suitable for the production of flowing concretes, high strength concretes and grouts and has been used for 12 years in Japan.

Heathrow coach station

COSTAIN Construction has won a £986,504 contract to build Heathrow Terminal 3 airside coach station, for the British Airports Authority.

The work calls for six gate rooms each of 150 square metres at first floor level.

Construction will be based on a structural steel frame with precast floor and roof, which will be asphalt covered. Cladding is to be a combination of in situ and precast concrete, brickwork and aluminium windows.

Installation of lifts and escalators is included in the contract. There will be a double lift shaft and a link bridge six metres wide spanning 19 metres at first floor level to connect the coach station with existing buildings. Access to and from coach parking bays and ground level will be via one staircase at each gate room and one escalator per pair of gate rooms.

Work was begun and is to be completed by August, 1976.

Timber in houses

INSURANCE of timber frame houses and quality are current areas of investigation by the Joinery and Timber Construction Association JATCA which is affiliated to the National Federation of Building Trades Employers.

JATCA says it is taking the initiative on insurance because, although individual timber-frame house suppliers have been able to obtain household insurance for purchasers at rates which are not significantly higher than those offered for traditional houses, it is considered that the industry as a whole has been handicapped by lack of a uniform approach to insurance relating to this method of construction.

The Association is also working to establish a form of quality control for the consumer and the manufacturer and plans to provide a technical advisory service to specifiers, designers and members.

Folding doors

TO SATISFY the demand for a room divider which will maintain an air of spaciousness, a glazed Slimfold door has been introduced. This is available in all the range's usual heights and widths to meet most dimensional requirements, and has hardwood frames with translucent infills in a ripple pattern.

For built-in wardrobes the company has introduced mirrored doors. These are framed in whitewood into which are fitted glass mirrors. They are available 78 inches high to suit a range of opening widths, and are supplied in kit form.

Slimford doors are made by Thames Plywood Manufacturers, 183 Harts Lane, Barking, Essex IG11 8NB (01-594 5511).

IN BRIEF

James Drewitt and Son has been awarded a £181,793 contract for the erection of 25 flats for the elderly at Highmoor Road, Parkstone, Poole, Dorset, for the Inskip St. Giles Housing Association.

£8m. oil pipeline awards

AS CONSTRUCTOR of the land pipelines feeding into the Sullom Voe terminal in the Shetland islands, BP has awarded contracts worth £8m. to William Press and Son and Land and Marine Engineering.

William Press will be responsible for laying the Ninian and Brent 36-inch pipelines from their landfalls at Grut Wick and Firths Voe respectively, to the Sullom Voe terminal. Land and Marine will undertake the 4 km. water crossing at Cul Ness for the Ninian pipeline.

Total length of the on-shore section of the Brent pipeline is 5 km., while that of the Ninian line is 12 km.

BP is acting as operator for the Ninian pipeline on behalf of the Ninian field participants and constructor of the Sullom Voe terminal on behalf of the Brent and Ninian participants and the Shetland Islands council. It is planned that the Sullom Voe terminal will be ready to receive oil from the Brent pipeline system in 1977 and from the Ninian system in 1978.

Structural steel order worth £2m.

STRUCTURAL steelwork for several industrial buildings in the Dubai drydock facility is to be supplied by Octavius Atkinson and Sons. Won in open competition, the contract worth about £2m. involves 5,500 tonnes of steelwork.

The steelwork has been ordered by the Costain-Taylor Woodrow joint venture, which is designing and constructing the complete dry dock project under the direction of Sir William Halcrow and Partners, consulting engineers to the Dubai Dry Dock Company.

The Dubai complex will be the largest dry dock facility in the Middle East, and will provide maintenance and repair for the very large crude oil carriers now plying from the Arabian Gulf terminals. Construction began in January 1974 and is programmed for completion early in 1979.

The structures will be fabricated at Prospect Works, Harrogate, where Octavius Atkinson has a 32,515-square-metre factory. The steelwork will be shipped to Dubai to be erected on site by the joint venture.

School work at Hackney

INNER LONDON Education Authority has awarded a £1.3m. contract to Leonard Fairclough for the design and construction of the third phase of Clapton Secondary School, Hackney.

Starting this month, the work will involve building a sports complex, 76 x 30 metres overall, with a gymnasium and activity hall, associated changing rooms and toilets. In addition there is a classroom block 84 x 24 metres for science and art subjects, with kitchen and dining facilities, plus access road, play-courts and external works.

Both blocks will be constructed in load bearing brickwork with "Otley" facings and precast concrete floors. The sports hall will have a steel space frame roof, while the classroom block roof will be in timber.

Quantity surveyors are Lay and Partners of Manchester.

Homes for prison staff

AT ULNES Walton, near Preston, 60 dwellings for prison officers and their families are to be built for the Department of the Environment under a £723,000 contract awarded to John Laing Construction.

The two, three and four bedroom houses will be of traditional design and construction, and the contract includes 42 garages and external works. Work, to be completed in 77 weeks, has begun.

Architects are the Property Services Agency, and the quantity surveyors the Tom Lucas Partnership.

Bridges in Jamaica

KIER International is to undertake road bridge work worth $US5m. for the Government of Jamaica.

Six bridges, costing over $US2.1m. will be for the new 11 km. stretch of the Bog Walk to Linstead arterial road, on the main trans-island route running north from Spanish Town. Three bridges which carry the road over rivers will be reinforced concrete with 30-metre spans.

The second contract valued at $US2.9m. includes seven major bridges, six box culverts and eight siphons, together with ancillary works of slope protection, and canal lining. Three of the bridges will have tubular steel piled foundations. The others will be all of reinforced concrete of conventional construction.

Looking for pipeline route

WHITE Young and Partners has been appointed by the Municipality of Agedabia in Libya to survey a possible pipeline route for a water supply to the town near the coast.

To-morrow a team of engineers will leave the U.K. in a Land-rover towing a caravan which will act as home and office. One suggested water source is out in the desert 300 km. from the town.

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

THEATRES

CINEMAS

CINEMAS ARE CONTINUED ON PAGE 6

Notice of Redemption

Occidental Overseas Capital Corporation

9¼% Guaranteed Sinking Fund Debentures Due March 15, 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of March 15, 1970 under which the above described Debentures were issued, First National City Bank, as Fiscal Agent, has drawn by lot, for redemption on March 15, 1976, through the operation of the sinking fund provided for in said Fiscal Agency Agreement, $1,908,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF $1,000, PRINCIPAL AMOUNT OUTSTANDING

M	38	1353	2689	4089	5535	7206	8567	9983	11397	12647	14006	15540	17009	18425	19541	21047	22145	23394
	65	1355	2702	4103	5591	7227	8570	9987	11398	12650	14013	15558	17045	18428	19551	21052	22150	23408
	92	1363	2716	4105	5592	7230	8581	10000	11401	12652	14033	15562	17083	18438	19553	21058	22201	23415
	99	1376	2759	4113	5593	7231	8509	10035	11425	12680	14036	15563	17096	18475	19555	21062	22210	23444
	101	1383	2767	4116	5594	7247	8600	10043	11440	12718	14043	15604	17109	18479	19576	21063	22215	23451
	102	1386	2776	4137	5717	7255	8623	10046	11448	12720	14056	15608	17113	18495	19578	21072	22220	23473
	119	1406	2794	4141	5725	7257	8627	10054	11463	12724	14081	15622	17117	18503	19597	21073	22237	23484
	126	1430	2796	4163	5744	7282	8631	10086	11465	12733	14099	15626	17121	18532	19611	21093	22263	23491
	131	1426	2808	4167	5791	7289	8636	10088	11480	12743	14110	15649	17129	18534	19617	21103	22286	23493
	178	1440	2812	4183	5794	7305	8638	10111	11486	12744	14116	15687	17131	18546	19623	21105	22295	23502
	280	1451	2817	4188	5804	7308	8646	10130	11490	12746	14123	15708	17140	18551	19628	21110	22298	23505
	285	1463	2820	4189	5815	7326	8652	10170	11492	12755	14129	15735	17141	18559	19663	21132	22301	23512
	302	1477	2839	4193	5825	7334	8678	10181	11504	12767	14143	15736	17148	18566	19692	21145	22316	23528
	315	1492	2844	4194	5831	7335	8681	10211	11508	12780	14153	15761	17153	18575	19694	21168	22352	23529
	340	1520	2849	4195	5833	7368	8685	10233	11511	12795	14154	15764	17168	18578	19712	21182	22363	23531
	357	1525	2850	4196	5836	7382	8713	10236	11533	12798	14160	15769	17175	18580	19713	21190	22367	23538
	381	1536	2864	4199	5840	7387	8805	10237	11588	12804	14163	15778	17177	18607	19728	21215	22368	23543
	427	1545	2912	4206	5863	7396	8815	10238	11579	12816	14195	15788	17190	18610	19735	21224	22381	23550
	432	1547	2913	4207	5868	7404	8820	10265	11583	12821	14201	15819	17191	18636	19742	21225	22383	23557
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1175	2465	3920	5382	7044	8348	9708	11164	12475	13836	15381	16854	18227	19357	20841	22037	23264	24786
	1218	2467	3947	5406	7048	8395	9721	11200	12509	13838	15399	16861	18234	19378	20843	22047	23278	24796
	1228	2480	3948	5409	7049	8407	9731	11203	12510	13862	15430	16874	18243	19397	20849	22054	23280	24815
	1231	2482	3954	5417	7067	8408	9738	11255	12520	13872	15451	16879	18250	19412	20857	22058	23295	24822
	1254	2488	3961	5424	7072	8410	9785	11287	12521	13893	15474	16884	18260	19414	20871	22063	23299	24825
	1289	2495	3966	5427	7074	8412	9802	11288	12523	13919	15475	16887	18303	19431	20899	22079	23305	24842
	1290	2514	3969	5444	7078	8421	9818	11291	12524	13936	15482	16893	18304	19448	20901	22088	23310	24864
	1294	2558	4007	5447	7086	8432	9844	11301	12535	13943	15483	16911	18320	19463	20930	22091	23314	24882
	1300	2568	4033	5457	7102	8439	9854	11304	12538	13944	15510	16916	18330	19466	20962	22095	23325	24893
	1303	2575	4036	5468	7126	8440	9855	11321	12549	13947	15518	16919	18357	19467	20968	22100	23327	24903
	1310	2583	4038	5474	7127	8443	9862	11323	12570	13949	15520	16925	18365	19475	20971	22104	23329	24912
	1321	2585	4045	5493	7142	8467	9885	11354	12573	13954	15526	16968	18372	19486	20987	22117	23347	24940
	1328	2591	4049	5523	7149	8516	9895	11365	12611	13961	15531	16971	18386	19505	20989	22122	23349	24941
	1338	2608	4063	5527	7176	8527	9929	11370	12613	13970	15532	16980	18402	19522	21000	22135	23351	24945
	1341	2610	4067	5528	7177	8537	9952	11385	12622	13976	15535	16993	18408	19524	21027	22137	23362	24966
	1347	2660	4073	5534	7194	8560	9981	11389	12631	14000	15537	17002	18414	19533	21032	22138	23365	24977

The Debentures specified above are to be redeemed for the said sinking fund at the Corporate Bond Services Department of the Fiscal Agent, 111 Wall Street, in the Borough of Manhattan, The City of New York, State of New York, the main offices of First National City Bank in Amsterdam, London, Paris, Frankfurt/Main or First National City Bank (Belgium) S.A., Brussels or at the main offices of Algemene Bank Nederland N.V. in Amsterdam, Banque de Bruxelles S.A. in Brussels, Commerzbank Aktiengesellschaft in Düsseldorf, Dresdner Bank Aktiengesellschaft in Frankfurt/Main, Hambros Bank Limited and N. M. Rothschild & Sons in London, Banque de Paris et des Pays-Bas in Paris and Banque Internationale à Luxembourg in Luxembourg, as the Company's paying agents, and will become due and payable on March 15, 1976, at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on the said Debentures will cease to accrue.

The said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on the said date with all interest coupons maturing subsequent to the redemption date.

The above mentioned Debentures are part of the $2,220,000 March 15, 1976 Sinking Fund, $312,000 principal amount of said obligation having been delivered by the Company to the Fiscal Agent in accordance with the terms of the Fiscal Agency Agreement.

For OCCIDENTAL OVERSEAS CAPITAL CORPORATION

By FIRST NATIONAL CITY BANK,
Fiscal Agent

February 13, 1976

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MONDAY, FEBRUARY 23, 1976

The ethics of exporters

SO FAR the spate of disclosures about bribery by U.S. companies has not had any direct impact on British business. The Department of Trade is looking into the possible involvement of U.K. companies in these affairs, but no full-scale witch-hunt, either by the Government or by the House of Commons, seems likely. If any major British companies have made payments to officials of foreign governments on the scale admitted by Gulf and Lockheed, they have been more successful in concealing them. Yet it would be naive to suppose that British exporters, especially in the field of capital goods, do not engage in practices which are similar in kind, if not in degree, to those reported in the U.S.

Moral scruples

Winning export contracts in certain parts of the world can sometimes involve undisclosed payments—to middlemen in "tax havens," to government officials, to influential politicians, which are illegal, at least on paper, in the recipient country. Companies which find themselves under pressure to make payments of this kind have usually subordinated any moral scruples they may have to the practical need to obtain the business. The new factor which they now have to take into account is the possibility that their illegal payments will, at some time in the future, become public knowledge.

Partly as a result of the U.S. revelations, the activities of all foreign companies, especially in relation to commissions, invoicing and tax returns, are likely to be subjected to much closer scrutiny, both official and unofficial, in the recipient country. Information about illicit payments is, among other things, a valuable weapon with which to attack one's political opponents. Now that the ball has started rolling, in countries ranging from Japan and Italy to South Korea and Bolivia, it would be surprising if the search for such information was not stepped up.

The Lockheed case has shown how damaging these revelations can be to a company's business as a whole. Quite apart from moral considerations, other companies which are bidding for overseas contracts must weigh up, before committing themselves to a questionable transaction, how much their worldwide business might suffer if the transaction came to light. Would the image of the company be so badly dented as to jeopardise its ability to win similar contracts in other parts of the world? Is the contract so vital to the company's future that the risk of disclosure should be accepted?

It is just possible that the Lockheed affair will turn out to be a nine days' wonder and that, once the dust settles, business will continue as before. But there is a considerable head of steam behind the U.S. investigations. Not only is Senator Frank Church, chairman of the committee on multinational companies, planning legislation which would force companies to disclose more about their overseas payments, but the Securities and Exchange Commission, concerned with the effectiveness of existing corporate reporting procedures (and with the role of accountants in approving them), is busily conducting its own studies. The supply of "scandals" is unlikely to dry up for some time.

Local rules

Whatever happens in the U.S., any idea of an international code of conduct to regulate commission payments is unrealistic; one only has to think of the abortive efforts to regulate competition in export credit terms where the self-interest of Governments is much more obvious. Equally it is inconceivable that countries in which under-the-counter payments are a way of life are suddenly about to adopt Queensberry rules; those who wish to do business in those countries must make the prior decision whether they are prepared to play by the local rules. What is certain is that the fear of public disclosure will make companies more cautious and more selective about the business they compete for and about the methods they use to obtain it.

Towards a common fisheries policy

THE PROPOSALS by the European Commission for the common fisheries policy are on the face of it totally unacceptable to the British fishing industry, although the policy would not come into force until there had been a general move to 200-mile fishing limits.

The industry has been demanding that the first 100 miles of the zone around the British coast should be exclusively reserved to Britain, and only the outer 100 miles shared with the rest of the European Community. The Commission is proposing that the exclusive zone should be no more than 12 miles. The British Government, for which fish is becoming a somewhat embarrassing subject, has not yet taken a position.

Committee

The natural reaction would be to talk about splitting the difference between the Commission's proposals and the industry's. After all, British United Trawlers, which has substantial interests in all parts of the British fishing industry, has recently issued figures which suggest that the difference between a British exclusive zone of 100 miles and a British exclusive zone of 50 miles is only the difference between an annual yield of 2.8m. tonnes and one of 2.5m. tonnes. If the industry were to reduce its demand to 50 miles, according to these figures, it would stand to lose only 300,000 tonnes a year.

There is no ground for believing that such a simple split-the-difference approach would be acceptable to the rest of the Community, but it could also be a mistake for two other reasons. The first is that the most urgent need now is to establish adequate machinery for the conservation of fish stocks. This can best be done within the framework of a common fisheries policy. The second, and related, reason is that a common policy would mean that the Community, including Britain, would be better equipped to deal with third parties.

Here the Commission's proposals, outlined last week, are by no means unhelpful. They call for the establishment of a Community fisheries committee, composed of experts from member countries as well as the Commission itself, to discuss such things as maximum sustainable yields.

This is much more than a technical matter. One of the complicating factors in the British dispute with Iceland was that experts from the two sides, called together at the last minute, simply could not agree on the existing level of stocks, let alone on the measures necessary for conservation. There was no common data and therefore no basis for a rational negotiation. The Community needs to learn this lesson and establish procedures as quickly as possible for determining the stocks in the 200-mile zones. It should then make practical proposals about sustainable yields.

French

This would be a genuine Community approach and it would be in the general British interest to support it. For the fishing industry there is no reason why it should mean a lower British catch than would come from a larger exclusive limit: having accepted the principle of a common fisheries policy, the British Government would simply press for the maximum possible benefit to Britain, precisely as the French have always done to their own benefit with the common agricultural policy.

There would be the additional bonus that in the swap and transitional agreements with third parties, which will inevitably have to be made as the 200-mile limits come into force, Britain would be able to negotiate with the weight of Community bargaining power behind her.

There are now firm signs that Britain's £1.3bn. AGR nuclear electricity programme is coming good at last. **David Fishlock**, Science Editor, reports

And now for the good news about nuclear power . . .

WHILE CONCORDE was being very publicly groomed for its commercial debut, an unpublicised Anglo-Scottish race was taking place between two teams of engineers and scientists. The aim of each was to be the first to operate a machine technically at least as advanced as the supersonic airliner—the advanced gas-cooled reactor (AGR), a nuclear electricity system to which Britain has committed about £1.3bn.

Mr. Arthur Hawkins, chairman of the Central Electricity Generating Board, once damned the mistakes of this nuclear programme as "a catastrophe we must not repeat." Now, with the first AGR electricity entering the "grid" and the electricity industry meeting Mr. Anthony Wedgwood Benn, Secretary for Energy, to discuss the coal industry's pleas for more coal consumption Mr. Bob Peddie, the CEGB's member for engineering, can say confidently of AGR electricity: "There's no doubt it will be cheaper than oil or coal." Mr. Frank Tombs, chairman of the South of Scotland Electricity Board, is more precise: "At to-day's fuel prices, we reckon Hunterston B will produce electricity at about 30 per cent. below coal."

Rattling reactor

But the AGR teams at Hinkley Point in Somerset and Hunterston in Ayrshire had good reason for keeping a low profile. This time last year they were within nine days of producing electricity at Hinkley when an ominous rattling started in the reactor. It was deduced that a big valve deep inside the reactor was vibrating violently as it tried to stem the gush of hot gas. But which of the 308 "gags" in the reactor was it? "The enormity of the problem only dawned slowly," admits one engineer. Over a period of months they withdrew more and more of the gags. The damage was frightful. The tough stainless steelwork was scored, bent and battered; in some cases pounds of steel had been chewed completely away.

It was the most dramatic demonstration so far of the ferocious hostility of the regime into which the engineers were venturing when they attempted to build an AGR 20 times bigger than, and at twice the pressure of, the (very successful) prototype that has been running since the early 1960s. To succeed, an intricate mechanical system has to behave faultlessly at dull-red heat in a gas compressed to the density and turbulence of a tidal wave. "Watchmaking on a tonnage scale," one engineer has called it.

The incentive to meet such a challenge was an efficiency higher than anything that had been achieved before, anywhere in the world, in a big power station. The CEGB is proud of having raised the overall efficiency of its system by over 3 per cent. over the past decade, with, according to Mr. Peddie, a consequent saving of £180m. in its fuel bill this year. But the AGR concept afforded the prospect of leaping from about 35 to 41.7 per cent. in the efficiency of a big new station.

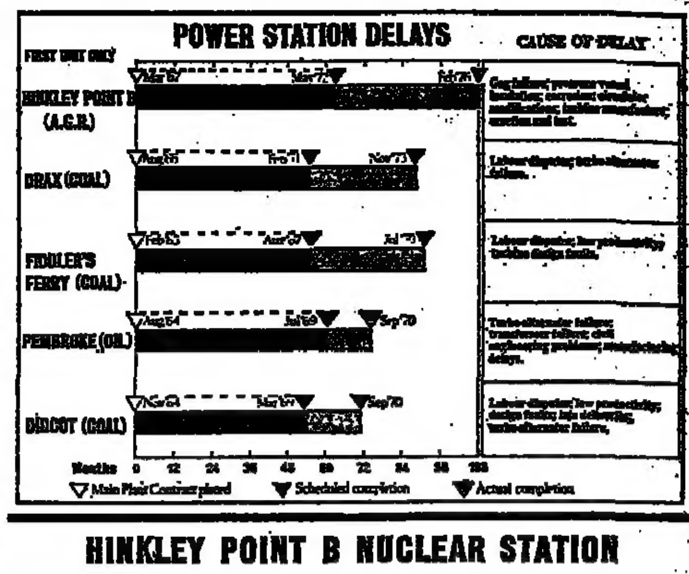
The jump, however, was too great, bringing the engineers into areas of which they had no experience outside gas turbine technology, where the scale is so much smaller and more expensive materials can be accepted. The result was a series of major troubles, with the carbon dioxide in the reactor behaving quite differently from text-book situations, or even from simulations in experimental rigs.

These "nuclear" troubles—new kinds of corrosion, hitherto unsuspected, and mechanical damage from the intense vibration caused by the churning gas—were in addition to the problems already causing lengthy delays in most new U.K. power stations (which the accompanying chart shows). Solutions were costly: the bill for insulating the concrete pressure vessels for Hinkley from hot carbon dioxide rose during construction from £2.4m. to £20m., while modifying the gags this past year came to another £3m.

On top of all this, the safety standards demanded of nuclear stations were rapidly increasing. The discovery that the boilers of Hinkley and Hunterston were much more vulnerable to corrosion by hot gas than the designers had expected, for example, led to a modification in which cool gas is "sprayed" over the susceptible parts, keeping the temperature below 446 degrees Centigrade. Experimental evidence suggests there will be no trouble up to this temperature.

Additional insurance

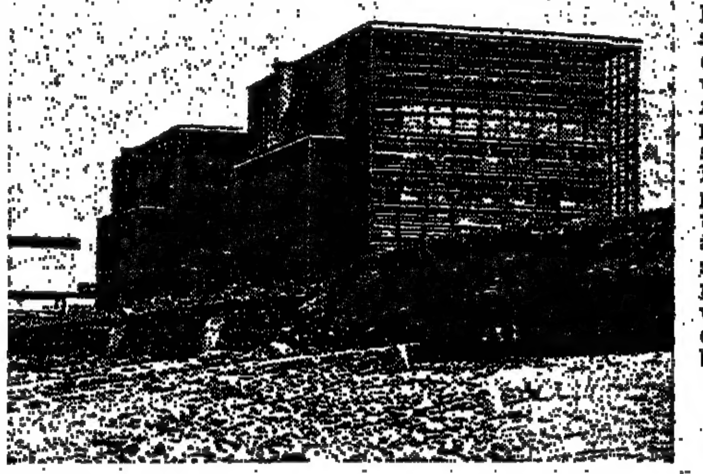
But, just to be sure, the nuclear inspectors of the Health and Safety Executive demanded additional insurance. Gas tapped from vulnerable points inside the reactor is being piped to a special corrosion laboratory equipped with autoclaves, so that materials can be exposed to the same corrosive conditions as are occurring within the reactor. This—at the cost of another £600,000—the inspectors hope to get early warning of any deterioration.



HINKLEY POINT B NUCLEAR STATION

	£m.
Original estimate (1967)	
Construction	95.12
Fuel	17.06
Current final estimate	
Construction	138.41
Fuel	21.53
Breakdown of increase in construction cost, 1967-76	
Escalation	12.09
Design changes	5.80
Under-estimation	10.58
Modifications and development	14.83
	43.30

Hunterston B's costs are slightly lower; but the remaining three AGR stations (Hartlepool, Heysham and Dungeness B) are expected to cost about twice as much to complete.



Hinkley Point, Somerset: "There's no doubt it will be cheaper than oil or coal," says the CEGB of nuclear electricity.

According to Mr. Peddie, the kind of "backfitting" that has been such a feature of AGR construction is about 100 times more expensive than getting it right at the design state by spending enough on component development and testing.

Altogether, modification and development along the road since site work at Hinkley began in 1967 has added nearly £15m. to the bill. Design changes (such as the two additional emergency shutdown systems demanded by the nuclear inspectors) added another £5.8m. And a further £10.5m. was needed because the contractor had under-estimated the cost of executing certain parts of the project.

Heightened awareness that nuclear plants might become targets for terrorists has added its own cost penalties. Security at Hinkley, for instance, includes an 8 ft. outer fence, with patrols, and an inner electronic (microwave) fence which, if breached, automatically triggers alarm bells and floodlights. Television cameras are focused on particularly vulnerable points such as the cooling water intakes offshore.

With escalation charges running at £12m. for a project now 45 months late, the final bill for construction is over £138m.—some 45 per cent. higher than the figure negotiated with the contractor, the Nuclear Power Group, in 1967. Over the same period the cost of the first fuel charge has increased by about 26 per cent.

Hunterston's final cost is expected to be about £6m. less, at £132m., but the original estimate—for the second-of-a-kind, at an easier site, with some simplifications in design—was only £85m. Hunterston was started six months later than Hinkley, but Mr. Tombs stresses that both stations were prototypes, and they took turn about in solving the manifold problems that arose.

Undoubtedly the biggest lesson learned from the AGR experience—and, significantly, it is one that Rolls-Royce has just begun to learn in gas turbine development—is that £10,000 spent at the design and component development and of the high-technology business can save £1m. in "backfitting" once construction has started. This is the primary reason why it is taking so long to place contracts, or even to get an agreed reference design, for the new 4,000 MW steamer (SGHWR) reactor programme, chosen by the Government in 1974 after a long and agonising reactor appraisal.

But once the reference design has been agreed by all parties, says Mr. Peddie, the engineers of both customer and contractor will be firmly discouraged from making changes unless they can plead extenuating circumstances such as revised ideas on safety. Meanwhile, the CEGB is proposing to audit every manufacturer—perhaps as many as 1,000 altogether—who might play a significant part on the steamer programme in an effort to verify that each one is capable of working to nuclear standards before any contract is signed.

A serious question

If the main lesson of the AGR has been learned well, could the reactor be restored to favour and thus seriously compete with the steamer for the next tranche of U.K. nuclear orders coming, say, in the late 1970s? For engineers close to the project on both sides of the industry, it is a serious question. For there is a feeling, as one puts it, of having come through fire and survived.

Advocates point to the fact that, although, to quote Mr. Peddie, it is "technically so advanced it is uneconomic," the AGR could still prove cheaper to build than the steamer. One reason is that it is going to be very expensive for the s... or, for that matter, t... water reactors—to ma... exceptionally low levels o... tion to which operators... posed from the AGR... progenitor, the magnox... The CEGB has underta... maintain this low level.

Advocates also point... no nuclear steam supply is more resistant to t... attack than one envelop... shell of reinforced conc... to 28 feet thick.

But even the most en... tic advocates for more... acknowledge that it wou... problem to decide just... design should be repr... The Hinkley/Hunterst... sign, expected to enter c... cial service this spring... producing about 2,00... next winter, has bold... cannot be replaced—no... as a weakness in plant e... to serve for at least 3... But the replaceable bo... the later Hartlepool/H... design of AGR are... pected to produce the... power for another two... which brings us to... later before the utiliti... have the two years of o... experience they want... making a further comm...

Intricate pipework

More damning, how... the fact that all partie... that one major feature... AGR designs is unac... for the future. This is t... box," a region of intric... work above the reacto... exposed to the full fur... hot gas. Its eliminatio... ably means a major r... of the reactor.

On top of all this, t... remains a design with... high work content that... done only on-site. Th... action of so many uni... skills in the confined... a nuclear site is a man... exercise that even the... iest project directors n... relish.

If, however, the A... amplified all the we... inherent in power stat... struction practice in the... has also made one very... contribution to project... ment. The demoralising... sion of technological... has drawn the utilitie... contractors—now unif... the Nuclear Power Co... and the U.K. Atomic... Authority into a part... that has never existed... U.K. nuclear industry... This partnership ach... minor miracle in solv... "gag" problem last ye... perhaps the best rea... thinking that Britain w... better luck with the st...

U.S

name adds up service

MEN AND MATTERS

Commercial communist

It could be a somewhat complicated existence to be Deputy Finance Minister of an Eastern bloc country and at the same time chairman of a commercially run insurance company operating in the world insurance and re-insurance markets. But Ivan Palilsky, who combines both jobs in Bulgaria, does not find any conflict of interest.

The Eastern Europeans have shown that when they have to trade in world markets they are no slouches—as Russian dealings in gold and grain have demonstrated. Insurance and re-insurance are world markets with risks, particularly in marine and aviation business, too big to be covered nationally. Bulgaria therefore has its own commercially operated State-owned, insurance company called Bulgaria Foreign Insurance and Reinsurance Company, and Palilsky combines his government job with the chairmanship of "Bulstrad" as it is generally known.

He is in London together with the Bulstrad chief executive G. D. Abadjiev to re-inforce links with the London market. Foremost of these is a joint company formed in 1967 between Bulstrad and Lloyd's brokers Maynard, Reeve and Wallace. This company, European Reinsurance Brokers, handles the bulk of the £5m. insurance premiums which Bulgaria currently places through the London market.

Brokers MR and W have been dealing with East European countries for the past 15 years, principally placing re-insurance business with State insurance companies, and helping them with the placing of their marine and aviation re-insurance in the world market through London. A special relationship with Bulgaria has developed, to the extent of making a joint company worth while.

Although originally confined to marine and aviation business ERB has expanded its activities to take in construction projects—for example placing the re-insurance of contractors' all-risk policies in such things as hotel building. The next stage development, still in its early stages, is to get the insurance of projects undertaken between organisations within the Communist States passed through the London market: as Freddie Maynard, the chairman of MR and W, puts it: "Our aim is to get as much Bulgarian business as possible coming through London, and we then lay it off world-wide." Showing the tact of both a politician and an international businessman, Ivor Palilsky says: "How can there be a conflict of interest when we are working together to improve the economic wealth of our two countries?"

"The good news is you've got your £6 rise—the bad news is the GLC wants it!"

An angry buzz

Odd-ball story of the week comes from Sri Lanka—which I for one still think of as Ceylon. As summer approaches and the temperature begins to move upwards from the mere 80's the real test is about to begin for the Government's policy of non-violence towards the hornets of Sigiriya. For the Government these vicious beasts have been a live issue politically. For the tens of thousands of tourists to Sri Lanka, they have been a painful problem.

Sigiriya is the site of important fresco rock paintings which are 1,500 years old and are sited 600 feet up a sheer rock face. Unfortunately the hornets live—or used to—not far away, and noisy tourists have tended to stir up the proverbial hornets' nest to the extent that the Government was forced to construct special refuges to which visitors could flee when pursued.

There were suggestions that the hornets' nests should be wiped out in order to preserve the tourist trade. But in Buddhist Sri Lanka, where it is regarded as wrong to kill even hornets, these suggestions met with fierce opposition. Indeed, the argument ran, since the hornets are supposed to be the soldiers of the old King reincarnated, there was a double reason for protecting them.

Faced with this dilemma the Government opted for a compromise. This was to spray the tourist side of the rock with insect repellent in order to drive the hornets away without killing them, and so far this idea appears to be working. Local sceptics claim, however, that the hornets have simply migrated to the other side of the rock. They say that the hornets tend to do this anyway in Sri Lanka's cooler season, and that when temperatures rise they may well return to their traditional summer haunt, repellent or no repellent.

Wheel appeal

Bicycle promotion seems to be the fashion of the moment. "How long is it since you rode a Raleigh bicycle? Five years? Ten years? Longer? Perhaps you do not realise just how much the bicycle has changed in concept, design, rideability, fun and technology," runs the introduction to an invitation to test-ride Raleigh cycles. Terminology has changed, too: accompanying the blandishment is a free pair of "trouser bands": whatever happened to the old cycle clips?

Even more way out: the U.S. group AMF has signed Evel Knievel on a three-year contract to endorse its bikes. Concurrently Knievel "launched an active promotion of bicycle safety." Personally, in view of the daredevil risks he takes, I would doubt the safety of a three-year arrangement.

Checking source

We are all occasionally guilty of irony — intentional or otherwise. I like an example which appears in Accountancy Age referring to six leading industrial clients of accountants Touche Ross, who have got together with that firm to try to thrash out the problems of inflation accounting, and to keep in touch with the accountants' steering group on inflation accounting.

But there appear to be teething problems, and I quote from the magazine: "One of the main areas where disagreement is possible is in the use of indices for valuation. Many of the leading companies supply the raw material on which the indices are based, and consequently have little faith in them."

Observer

FINANCIAL TIMES SURVEY
Monday February 23 1976

U.S. FINANCIAL MARKETS

Although inflation has been reduced significantly and the economy is recovering from the recession, there is considerable apprehension on Wall Street and in other U.S. financial and business centres about whether this recovery can be maintained.

Doubts and fears still exist

By GUY DE JONQUIERES, New York Correspondent

Y MOST measurable ;andards, the U.S. financial and usiness community ought to be ,eling fairly buoyant these ays. After being put through ıe wringer during the past two ears, the economy has begun to ove out of recession and the ıte of inflation has come down gnificantly. While monetary ›licy is not as easy as some ould like, short-term interest ıtes have fallen steeply and e now at their lowest levels ıce late 1973.

Despite earlier fears that eavy Treasury financing reıirements would "crowd out" ivate sector borrowers, a cord volume of new corporate ıues was floated last year, me 25 per cent. more than in 73. Finally, of course, the werful rally that has been ıder way on the equity ırkets since early December s provided a psychological lift.

Margins

The stock market's performce has given a new lease of to a goodly part of the secules industry, which had been ring for its future since fully gotiated commission rates k effect at the start of last ır. The majority of securities ns make the bulk of their ney from brokerage fees. The ırp increase in trading—ich has averaged about 30m. ıres a day on the New York ›ck Exchange since the start the year, compared with out 20m. in the corresponding period of 1975—has helped offset the narrowing of margins.

Yet for all these encouraging factors, the mood on Wall Street and in other U.S. financial and business centres can hardly be described as carefree. Uncertainties remain about the near-term outlook for the economy; there is much debate as to whether the fiscal and monetary stimulus now being applied is sufficient to ensure a sustained recovery and considerable apprehension that inflation may gather renewed force in the months ahead.

Beyond this, there is a more diffuse and ill-defined feeling of unease. Many American businessmen and financial experts, especially those old enough to remember the Depression, are puzzled and bewildered by changes in the social and political environment in which they operate. They sense that the ground rules are being altered by forces beyond their control which they do not fully understand.

Certainly, the methods and interests of American business have come in for a good deal of criticism and some outright hostility of late. The widespread publicity given to the continuing disclosures of corporate bribery and other misdeeds can only have enhanced the fundamental mistrust of big business evident in many areas of American life, while providing powerful ammunition for its critics.

The commercial banks have also taken a drubbing since their problem loans gained broad attention earlier this year. They and their Federal supervisors are under strong pressure to reveal more about their operations and their relations, and there is a strong probability that they will be the object of proposals for legislative reform of one kind or another later this year.

Another prominent target of popular attack has been the oil industry, the most powerful, secretive—and by implication the most suspect—of all American industrial groups. Last October, a proposal to break up the major oil companies was narrowly defeated in the Senate; other proposals may follow. In addition, the Justice Department and the Federal Trade Commission have been investigating the industry on anti-trust grounds.

To some, all these developments appear to fit into a broader pattern of encroachment on the traditional preserves of the private sector by Government and public pressure groups. Businessmen complain that their life has been greatly complicated by Federally imposed regulations designed to protect the environment. The financial community worries about the growth of public spending and Government competition in the credit markets.

Such fears and resentments were spelled out in characteristically colourful style by the Wall Street Journal last April. In an editorial purporting to deal with economic problems in Britain, where it discerned a severe case of the "welfare-state, manic-Keynesian syndrome," the paper commented: "Britain's current contribution to the world is to reveal the ultimate result of economic and social policies rapidly gaining ascendancy in the U.S."

Basically similar anxieties, expressed in rather less shrill terms run through the currently fashionable debate about the "capital shortage." Put simply, the question is whether the U.S. will be able to generate enough investment capital over the next decade or beyond to support the kind of economic living standards which its citizens have come to expect.

A number of studies have been published on this subject over the past year, estimating that total new capital needs between now and 1985 could run as high as $4,500bn., and most of them doubt whether this target can be met. There would, of course, be no capital "shortage" as such; if capital supplies proved inadequate, interest rates would rise to the point where supply matched demand.

One of the problems involved in the debate is that all the forecasts of capital needs are based on rather uncertain assumptions resting either on past experience or on conjecture about future economic behaviour. The record of long-term economic forecasting over the past decade does not inspire confidence in its ability to project future patterns and priorities with any great accuracy, especially at a time of rapid social and political change.

Nonetheless, the message seems to be clear. If private capital is to finance future investments, then Government borrowing on the credit markets must be reduced. Even the brookings Institution, which is staffed to a large extent by liberal Democratic economists, has concluded that the U.S. can afford its future only if the Federal Budget moves into surplus for a considerable period of time.

Others go further. Mr. Leonall Anderson, economic advisor to the Federal Reserve Bank of St. Louis, suggested recently that the capital formation process is being obstructed by a variety of other obstacles ranging from increased welfare programmes to Government regulation of industries like the utilities, railways and airlines.

Mr. Anderson also criticised the Federal Government for creating uncertainty which caused hesitation about investment in new capital projects and hindered the supply of capital. "A foremost source of greater uncertainty," he said, "has been the stop-and-go economic stabilisation actions which have caused periodic recessions and, more recently, accelerating inflation."

Few people on Wall Street would disagree with this prognosis. But at the same time, for all their complaints about the growth of Government spending, the financial and business communities are reluctant to turn away Federal assistance themselves when it is proffered. Probably only Governor Hugh Carey and Mayor Abraham Beame shouted more loudly than the major bankers for Federal aid when New York City was in trouble last year.

Furthermore, it must be more than mere coincidence that two of the oil companies involved in the pilot oil shale programme in Colorado withdrew from active participation a short while ago after Congress refused to approve Federal guarantees for the project.

The purists would argue that if such a project were not economically feasible on its own, then it should not be continued. But it may also be asked whether, given the magnitude of the investments required, energy is not one field where the necessary stimulus for capital formation can come only from the Federal Government.

Research

President Ford, a self-proclaimed enemy of expanded Federal spending, acknowledged last October that this might well be the case when he proposed a $100bn. plan to fund research and development of a wide variety of energy projects.

Wall Street is undoubtedly correct in discerning a national trend towards greater Government involvement in the economy. But some of the pessimism being voiced to-day about the consequences is probably misplaced. The events of the past two years have shown that the U.S. financial system is a lot more resilient than many people had believed and has adapted remarkably to changing circumstances. Moreover, many of the direr predictions heard only a year or so ago concerning the dangers of "crowding out" on the financial markets or wild disruption caused by Middle East capital inflows have not materialised.

White House orchestrates an upturn

WASHINGTON tends to view Wall Street with rather greater interest than normal in an election year. Rightly or wrongly, the Dow Jones Industrial Average is considered to be one of the most reliable barometers of public opinion in the country. If the stock market is going up, the political sages say to each other, then the mood of the country cannot be too bad—which, in turn, they reckon, augurs well for the man sitting in the White House.

The more historically minded among them invariably dredge up the prize piece of information that on only three occasions this century, when the Dow was higher on election day than it was at the start of the year, was the incumbent President, or, if the President was retiring then his successor from the same party, forced from office.

Of course this is merely another way of saying that any President with his wits about him will do his utmost to ensure that the economy generally is moving in the right direction in the months before the country goes to the polls. President Ford is proving to be no exception to the rule and Wall Street seems to be responding in the approved manner.

If the markets have doubts about Washington then they tend to centre on the policies of the Federal Reserve, which is invariably accused of being too mean with the money supply to push the economic recovery along faster. But in 1976, apart from the odd difference of emphasis here and there, Wall Street cannot discern, as it has on occasions in the past, fundamental differences of economic opinion and therefore action between different arms of the Government. Wall Street may well ask if it is the executive or legislative branches who are really running affairs. But that is another question, of which more later.

Targets

Both the Administration and the Federal Reserve are committed to a policy of sustainable growth after the ravages of the worst recession since World War II. The basic targets are for real growth in GNP of about 6 per cent. following two years of actual decline, the rate of inflation to be reduced to a little under 6 per cent. and unemployment by the year's end to be down to about 7 per cent. from the average 8.3 per cent. recorded in 1975.

The Administration itself is hammering away hard at the need for budgetary responsibility. President Ford has introduced a Budget with a notional ceiling of $394.2bn. about $27bn. below what it would have been if current spending trends had not been appreciably reduced. Domestic social programmes have borne the brunt of the financial axe, which does not displease Wall Street, whereas business and the financial community itself received some useful if not overwhelming incentives on the tax front.

For his part, Dr. Arthur Burns at the Fed, more sensitive than most to the dangers of renewed inflation, has undertaken to permit a cautious growth in the money supply. The Fed's principal targets are for expansion of 4½ to 7½ per cent., ½ per cent. lower at the bottom end of the range than they were last year but sufficient, it is believed, to the cause of sustained growth.

In fact, given the overall unanimity of forecasting from both Government and independent experts, Wall Street might have reason to be pleased with the economic prognosis. The latest economic indicators for the first month of this year are mostly favourable — unemployment dropped sharply to 7.8 per cent. in January, industrial production is up, housing starts are better, personal income is rising and the inflation outlook, with the marginal exception of the persistent increase in the price of industrial commodities, is promising.

Sensitive

The picture, however, is not quite as pleasantly unclouded as the above suggests it ought to be. Wall Street's political nose is sensitive enough to detect uncertainty in Washington. At one level this centres on doubts that President Ford will be re-elected at all. But at another level, which may be more important in the medium-term run, Wall Street is conscious of a political battle going on in Washington for power—not so much between the Democrats and the Republicans but between the executive and legislative branches of government.

This will of course be reflected in the budgetary struggle this spring. The Democrats who control Congress believe Mr. Ford has been unnecessarily stingy in his social cutbacks and has done nothing like enough to create new jobs. But it is not so much the subjects that will be debated in the next few months that will concern Wall Street but the framework within which the whole debate will be conducted.

For Congress is itself engaging for the first time in serious coherent economic planning. The manifestation this year is the new budgetary procedure: and the old process under which it often took 18 months for Congress finally to sanction or radically alter what the President had proposed, invariably in a piecemeal manner, has been ditched. In its place Congress has undertaken a tight schedule which ought to produce a ratified, or changed, Budget in a matter of at most a third of the time. It has enabled itself to set budgetary ceilings; it has armed itself with a staff of economists theoretically capable of formulating overall policy.

On the face of it this might seem nothing other than a wholly laudable display of Congressional responsibility (if it works). But that is not how it is viewed by many in the business community, particularly the real conservatives, who suspect that they are seeing the thin end of the wedge of national economic planning. In reality it is not the budgetary procedure but another Bill already unveiled before Congress which presents the threat but, so the argument goes, if Congress can manage its budgetary affairs then the fillip towards the next step will be considerable.

Belies

The Bill is one sponsored by two leading moderates—Senator Hubert Humphrey, Democrat, and Senator Jacob Javits, Republican. Its rather grand title the Balanced Growth and Economic Planning Act of 1975 belies the fact that it is not yet an Act at all but a Bill which probably will not be voted on until next year at the earliest.

What it would do, in effect, would be to create a national economic planning agency, vested principally in the executive but ultimately subject to the ratification of the joint Economic Committee of Congress. It would be empowered to set economic and social goals in both macro and micro-terms, and to recommend on the allocation of available resources.

Conservatives claim that this would result in planning in the socialist sense of the word, would insert the Government's finger into every pie and would mean the end of the free market system. The extreme Left, for totally different reasons, also opposes it. Wall Street, which probably contains more people who fondly believe that America still is a free rather than a mixed economy than any other segment of the society, is terrified of it. Some of the leading luminaries of the financial community have joined their industrial colleagues in inveighing against it.

But it is an idea whose time has come, in the view of many Democrats and a goodly number of moderate Rep
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Jurek M

Removing red tape

JUST OVER a year ago, in one of his first acts as President, Gerald Ford picked up a considerable amount of public acclaim when he jumped wholeheartedly and very loudly on the anti-bureaucracy bandwagon. Vowing an immediate all-out drive to curb the ever growing level of Government regulation, he promised to "cut the shackles of Federal red-tape."

The President's main attack was clearly focused on the numerous independent "industrial" regulatory bodies which, in the process of overseeing such sectors as radio stations and trucking firms, often smother smaller companies in paperwork. All the same, his promise seems slightly ironic to-day when it is clear that 1974 only saw the key financial agencies greatly expand their powers and their enforcement muscle.

Foray

The Securities and Exchange Commission (SEC), the U.S. Government's watchdog over Wall Street and the brokers, is a perfect case in point. Not only did last year see the agency start a whole new foray into guiding the operations, economics and obligations of Wall Street; it simultaneously marked the SEC's initial entry in the field of corporate ethics, profit forecasting and the professional responsibilities of lawyers and accountants.

The SEC was really no exception. At the same time, though to different degrees, America's three important bank supervisory agencies all enlarged their authority over financial institutions. The creation last summer of the new Commodities Futures Trading Commission also signalled a new Government push for greater authority in this area.

It can be argued, with reasonable conviction, that none of these agencies had much choice but to expand authority. While the bank regulators have had to prop a shaky industry beset with problem loans, the SEC has been faced with the need to force through urgent stock exchange and broker reforms that the securities industry would never accept willingly. The rush of sordid corporate bribery reports required the SEC to push for full disclosure of wrongdoings to shareholders.

In fact, though, these arguments do not really hold water. On Wall Street, where the SEC is pushing for competition among brokers and exchanges as a first step to a central stock market. It can be claimed that the result of the changes is not "greater competition" but simply "greater concentration", as the destruction of the industry's economic base forces more and more firms to destruction. Certainly Wall Street is convinced that the SEC does not understand the realities of life.

At the same time that the SEC is moving in on the securities industry, it is also becoming increasingly invol
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CONTINUED ON NEXT PAGE

U.S. FINANCIAL MARKETS III

Commercial banking

THE RESILIENCE of the American commercial banking ystem has been put to a severe est by a series of harsh shocks nd disruptions over the past wo years. In rapid succession r has had to cope with a huge nflux of deposits from the fiddle East, an exceedingly ight monetary policy during nuch of 1974, the failure of a najor bank, New York City's scal crisis and the impact of he deepest recession since the 930s.

Most recently, American anks have had to contend with et another challenge — the utcry raised in the Press and in ongress by the news that ederal examiners have con- uded that the condition of a zeable number of banking stitutions, including some very rge ones, merits especially ose surveillance.

In view of the difficulties hich the banks as a group have eathered already, this news n hardly be considered a ajor surprise. The financial mmunity has been aware of e banks' problems for some ne, and these are plainly re- cted in the lower growth tes, and in some cases falls profits, and the substantially gher loan losses recorded ring 1975.

Nonetheless, the implications the current controversy ould not be lightly dismissed. has provoked numerous mands for broader routine sclosures about banking opera- ns and has injected fresh mentum into moves already der way in Congress to re- m banking regulations and cumbersome structure of eral supervision.

It is too early to predict ctly what kind of legislation likely to emerge from Con- ss over the coming months. t at the least a political and chological climate has lved in which there seems to certain to be increased ssures for hitherto private banking operations to be held up to public scrutiny—and, by implication, to public judgment.

Particular alarm has been expressed on Capitol Hill about banks' international lending, and especially about loans to oil-importing Less Developed Countries. Bankers argue that the LDCs' problems are manageable and that the record of losses on foreign loans has in any case been much better than on domestic lending. But there is clearly a risk that the delicate task of debt rescheduling that will be needed to tide some LDCs over the coming months could be complicated if it is thrown open to public scrutiny and challenge.

Adverse

There have already been indications that W. T. Grant's major lending banks went along with the retailing chain's deci- sion to enter liquidation earlier this month because of the adverse publicity given to bad loans generally in recent weeks.

The controversy about bank lending to LDC and other risky borrowers is by no means clear cut. Indeed, there is a definite contradiction inherent in the prevailing congressional atti- tude towards bank operations.

For many of those congress- men and senators who are now taking banks to task for run- ning too many risks have also chided them in the past for being too conservative in their lending policies. Only last summer, for instance, senior bankers were rebuked on Capitol Hill because of their reluctance to extend further credit to New York City.

Over the past 18 months, most banks have paid dearly for adopting a too adventurous lending policy in the past. Altogether U.S. banks were forced to write off more than $8bn. in bad loans during 1975, and a significant proportion of their aggregate loan portfolio is earning reduced income or none at all.

Though its dimensions have been identified and reduced, the problem is not yet completely solved. Sizeable additional loans will almost certainly have to be written off this year, including part of the $12bn. in bank loans to real estate investment trusts. Considerable exposure remains to shipping loans and on banks' portfolios of municipal securi- ties: there is a distinct risk that New York State's financial diffi- culties could precipitate a new crisis this spring, which would have serious ramifications.

In almost every case, bankers have been visibly chastened by this experience. There is little talk any more of the growth philosophy which dominated banking in the late 1960s and early 1970s. Attention has turned from the aggressive ex- pansion of banking into new and more profitable areas towards a sober preoccupation with improving capital ratios and strengthening deposit bases.

The recent announcement by J. P. Morgan, parent holding company of Morgan Guaranty Trust, of plans to sell 2m. shares next month, has raised hopes that the equity markets may be reopening to the banking sector. But it is dubtful that more than a handful of banks are in a position to tap the market at present, and others are looking to retained earnings as the source of most of their capital increases. Some banks which have suffered poor profit- ability, such as Marine Midland, have cut their dividends to con- serve cash—an action unheard of since the 1930s.

This trend towards conserva- tive policies has been actively encouraged by the Federal Reserve Board, which for more than a year has been urging banks to improve their capital ratios. Because of the difficul- ties involved in raising new capital externally, the Fed's emphasis has been placed heavily on restricting asset growth by bank holding com- panies. On several occasions recently it has denied permis- sion to large bank holding companies to proceed with planned acquisitions.

While the disciplines that have been imposed on bank operations have undoubtedly had some salutary results, it may none the less be time to ask whether the pendulum has not swung far enough in the direction of caution and re- trenchment. Indeed, if the current U.S. economic recovery is to proceed on a robust course, a return to a slightly more venturesome policy on the part of the banking industry may well be necessary.

In recent weeks the Federal Reserve Board has signalled in a variety of ways its desire to see more vigorous bank lending. It has twice cut reserve require- ments on certificates of deposit, intervened repeatedly in the money markets to drive down short-term interest rates, and last month cut its discount rate to 5½ per cent. from 6 per cent.

But so far there has been no sign of any significant pick-up in bank lending, which fell by about $5bn. last year. The banks are awash with lendable funds but these are being invested in Treasury securities rather than in business loans, where they would both earn a bigger return and benefit the economy more directly.

Comforting

Part of the reason for this sluggishness is that the banks are still hesitant about lending to any but the higher-grade corporate borrowers, which offer a comforting degree of security. Most of these, how- ever, were able to raise sizeable sums in the bond market last year and are not pressed for cash.

Clearly, lending to less than top-quality borrowers also entails an increase in the lend- ing risks, of which the banks are especially shy at the moment. But despite their traumatic experiences last year, U.S. banks have built up a size- able cushion to absorb such contingencies. Aggregate bank capital rose by about 6 per cent. last year and in almost every case the sharp rise in actual loan losses was exceeded significantly by loss provisions.

Perhaps even more important was the ability of many large commercial banks to increase their net profits substantially over the year as a whole, albeit at a slower pace than in 1974. This would suggest that many of them could withstand an even larger amount of loan losses before their operations were significantly impaired.

Another reason why the larger banks, at least, may come to perceive a more aggressive domestic lending policy as being in their own interests is the anticipated sluggishness in income from international operations this year. For the very biggest banks this has been the fastest-growing source of profits for several years, and while foreign loan activity is not expected to drop off sharply, margins are likely to suffer from a narrowing of contractual spreads.

The banking industry may well find it difficult to regain confidence while it is under the full glare of Congressional scrutiny. But its anxieties could be relieved somewhat if the Federal Reserve were to adopt more direct measures to stimulate a more expansive atti- tude, without, of course, throw- ing prudence to the winds.

One suggestion for a change in official policy which could have beneficial results was advanced recently by Dr. Andrew Brimmer, himself a former FED governor. He has proposed that the FED's current policy be relaxed to permit more rapid growth in assets among those banks which could show a buoyant earnings record as well as a secure capital posi- tion. At present, the FED does not take earnings into account in deciding whether to grant applications for new acquisi- tions by bank holding com- panies.

Guy de Jonquieres

RESULTS OF MAJOR U.S. BANK HOLDING COMPANIES

	OPERATING EARNINGS						
	4th quarter 1975 ($m.)	Change from year earlier (%)	Full year 1975 ($m.)	Change (%)	Provision for loan losses ($m.)	Change from year earlier (%)	Holding of New York City related securities ($m.)
BankAmerica	82.8	+ 9.8	301.7	+ 17.5	174.8	+ 65.1	N.A.
Citicorp	73.5	− 8.6	348.2	+ 11.2	327.1	+ 184.1	348.5
Chase Manhattan	19.2	− 69.3	156.6	− 14.0	312.4	+ 163.6	408.0
Manufacturers Hanover	27.9	− 17.5	136.4	+ 7.4	86.7	+ 67.1	263.6
J. P. Morgan	49.9	+ 4.4	191.9	+ 7.1	96.6	+ 134.5	136.2
Chemical	22.4	− 17.0	92.6	+ 7.3	140.9	+ 134.1	378.8
Bankers Trust	12.3	− 41.4	63.2	− 10.6	111.0	+ 62.5	125.7
Continental Illinois	30.1	+ 11.1	119.0	+ 24.1	75.0	+ 128.0	15.0
First Chicago	24.6	− 13.1	105.5	+ 0.7	118.5	+ 124.4	—

Red tape CONTINUED FROM PREVIOUS PAGE

attempted to establish hority over the accountants secure a natural ally. The uble is that the accountants not like this attempt to etch the enforcement dollar neither want nor feel cap- e of becoming responsible detecting and reporting d. The drive by the ncy to get lawyers to report nt corporate misdeeds is eting with equally vehement osition.

ronically, the accountants companies battling extra closure have got an unex- ted ally in the three federal king authorities—the Fed- l Reserve, the Comptroller of currency and the Federal posit Insurance Corporation n the banking industry in n sorry shape and burdened all sorts of risky loans, the ulators are worried that full closure of the problems ld prevent banks from rais- capital and fuelling the nomic recovery and could, in reme cases, actually result in ic collapses.

he most recent shock came n it was disclosed that First ional City Bank and Chase hattan Bank, the second and d largest banks in the U.S. at one time been on the orities "problem" list. Al- though it is now stressed that these two are sound and viable institutions, the current prob- lem lists are still lengthy. In recent testimony before Con- gressional committees, the Comptroller revealed his agency had 28 banks on a problem list and 57 others in need of extra supervision. The Fed said it had 65 problem banks while the FDIC's list included 350 troubled institutions.

Faulty

With all the agencies only too aware that four different law- suits were filed against various banking regulators in 1975 alleging faulty supervision of the failed U.S. National Bank of San Diego, they are now moving to tighten up their methods and extend their authority. They are also clearly hoping that by doing this, they will be able to halt plans by Congress to merge all their func- tions into one new banking regulatory unit.

This consolidation of banking supervision is an avowed aim of both Senator William Proxmire, chairman of the Senate Banking Committee, and Representative Henry Reuss, chairman of the House Banking Committee. While both men have had their schemes defeated on the floor of their respective chambers (Prox- mire over electronic banking and Reuss on the need to dis- close credit allocation), they have both become in their short tenures leading forces in the drive for banking reform.

The Federal Reserve and its sister banking agencies are in a difficult quandry. In order to preserve the public's confidence in the banks (and Congress' con- fidence in their own capability) they must not only supervise the banks much more closely and prevent more failures, they must also be seen to be doing it. At the same time, of course, they must keep the disclosure of the state of affairs to a mini- mum to prevent any marked erosion of confidence.

In a more normal year, devoid of the traumas of bribes and problem loans, it might be reasonable to forecast that an ex- tension in regulatory authority could prove only temporary. While it may be hard to justify all of the SEC's expansion on the grounds of outside events, in the circumstances it looks as if these agencies' increased authority and improved en- forcement strength is here to stay.

Jay Palmer

Shadows over Wall St.

WALL STREET has surged ahead so strongly over the past few months and with such heavy bursts of trading that many brokers are already convinced that this year's profits could eventually exceed even *the record levels seen in 1975.* Despite this, and underneath what many consider to be premature happiness, the U.S. securities industry remains worried, depressed and above all confused, about its own future.

As Wall Street sees it, any profits bonanza—whether past, present or future—is almost irrelevant to the industry's key problems. These centre not on operating performance, which everyone acknowledges to be excellent, but rather on the potentially damaging impact of the sweeping regulatory changes that have been and are continuing to be forced through by the Administration.

"In the midst of plenty," one broker suggested without a trace of a smile, "we are all so confused and uncertain about our longer term prospects that, more or less of necessity, we are also wary and suspicious about our current good fortunes. The regulatory changes now being seen are simply so drastic that we have no way of measuring what they will mean."

The most telling measurement of this almost narcissistic pessimism is the way that the going price of a membership seat on the New York Stock Exchange (NYSE) has consistently refused to recover from the depressed levels reached a couple of years ago. Unlike past market trading surges, when the rate has always shot up with the market, the going seat price to-day is a 26-year low of $55,000, a very considerable drop from the $500,000-plus levels seen in the late 1960s.

At the same time, the securities industry is finding it hard to justify gloom in the face of such boom conditions as now. Preliminary figures released by the NYSE show its 400-odd member firms to have turned in a collective net profit of $386m. during the first 11 months of 1975. This compares with a loss of $74½m. in the corresponding period of 1974.

And it is not as if the final month of last year is likely to have seen any downturn. Although none of the smaller and possibly more vulnerable brokerage houses have yet reported full-year's profits, the larger more diversified firms all seem to have done extraordinarily well. Merrill Lynch and E. F. Hutton, for example, *both reported record profits* for 1975, with earnings growth respectively of 155 and 250 per cent.

It would, of course, be unreasonable to expect everyone to have done as well as this. Nevertheless, it is not difficult to find reasons for the industry's general strength. By all accounts brokers were really firing on all cylinders during the greater part of last year, with returns from options trading, commodity transactions as well as bond and equity trading all moving ahead.

Commissions

Looking at the industry as a whole, by far and away the largest single slice of earnings comes from the last category—equity trading commissions. The size of these in any given period is in turn dependent on three factors—the basic underlying trend of share prices and thus the value of transactions, the volume of trading and, since last spring at least, the size of the actual commissions charged.

As far as the first two criteria went, 1975 could hardly have been a better year. While share prices as measured by the Dow Jones Industrial Index leapt ahead by over 45 per cent., trading on the NYSE (and America's other exchanges) rose 34 per cent. to a new record level of 4.7bn. shares. The previous record, set in 1972, was 4.1bn. shares.

But as far as the industry was concerned on a less pleasant note, 1975 also marked an end to the brokers' certainly monopolistic but nevertheless profitable 183-year-old practice of charging fixed commission fees. Under an earlier Securities and Exchange Commission (SEC) order that despite intense opposition came into effect on May 1, Wall Street was finally forced to switch to fully negotiated rates.

The SEC's avowed aim was to introduce competition to Wall Street — as an essential first step towards its plan for one central U.S. stock market — and in this it succeeded beyond its wildest dreams. Despite some brokers' initial attempts to hold fee cuts to a minimum, within weeks the discounts on the old levels were averaging 40 per cent. and even occasionally reaching 70 and even 80 per cent. for easy, uncomplicated orders.

Most of this really heavy *discounting* was concentrated on institutional business with, in some cases, rates for private investors' smaller transactions actually being increased. But this imbalance did absolutely nothing to offset the negative impact of discounting on profits since, at the last estimates, institutional business now accounts for at least 70 and perhaps as much as 80 per cent. of total dollar trading volume.

The longer term ramifications of this "cut-throat" competition in Wall Street's main sector of business have still not worked their way through completely. That the industry's profits rose at all last year (let alone to record levels) is due as much to the good profits gains in the four months before "May Day" as subsequent overall share price and volume surges.

It is this that is really worrying Wall Street now. Lurking close behind enthusiasm over the profits growth is a terrible fear that the industry to-day is more vulnerable than ever before to either any drop in volume trading or any downturn in share prices. Many argue convincingly that when either of these events occurs, as it surely will sooner or later, the industry as we know it stands no chance of survival.

The coming of competition has already dramatically altered Wall Street's structure. Over the latter half of 1975 an increasing number of streamlined "boutique" firms sprang up to service large institutional orders at the lowest possible cost on the largest possible fee discounts. At the same time, a number of old-time research houses dependent on this same institutional business to cover their relatively higher costs have given up what they see to be a losing battle.

That the research houses, with their tighter margins and higher fees, have been especially hurt comes as no surprise. The institutions after all saw competitive rates as bringing a fiduciary duty, to shareholders and investors to pass orders through at the lowest possible rates. Although the SEC has promised to issue guidelines to clear up this grey legal area, the mere threat of million dollar lawsuits for failing to get "best execution" has been enough to stop institutions from letting the promise of research determine where to place an order.

Interestingly enough, the NYSE itself, while visibly sympathetic with the brokers, *did not* play a big part in their futile drive to block the SEC's plan for competitive rates. The same cannot be said to-day about the Exchange's interest and almost virulent opposition to that agency's latest and still uncompleted push to introduce a greater degree of competition between this country's various stock exchanges.

Again, as part of its progress to a central market, the SEC has ordered the major stock exchanges to eliminate their key "off-board" trading limitations no later than April of this year. In each case the off-board rules limit or (as in the case of the NYSE Rule 394) effectively prohibit member firms of that particular exchange from executing any trades in shares quoted on that exchange in any other market.

At the moment the NYSE and the other auction markets work on the basis that a broker takes an order to a "floor specialist" who makes the book in the particular shares and more or less carries out the functions of the London jobber. But unlike the London position, the U.S. specialist has a monopoly in certain companies trading and, *thus protected from outside* competition by the off-board rules, faces absolutely no competition.

The main threat of competition to the specialist comes not from the other auction markets (which are all more or less in the same boat) but rather from the so-called "third" or over-the-counter (OTC) market. This is a dealer market trading largely in NYSE-quoted companies based on direct communication links between non-exchange member brokers.

With considerable justification, the NYSE fears that loss of its off-board rules would free *its member firms to trade on* the third market where less stringent regulations and the lower costs of not having to maintain a seat offer a cost advantage. Taking this one step further, the NYSE argues that this could destroy the present auction markets which offer the only capital raising mechanism available to thousands of smaller companies.

It is possible to argue that the SEC's current push to do away by the off-board rul be over-hasty in the sen it will be destroying an e system without convi producing a better alter Nevertheless, the NYSE a disadvantage when adv *this argument* since a available *evidence* sugges many smaller companies find an *NYSE* quote no all when raising new mo

Whatever the longer implications of the approaching central m the first stage of which into being last summer w start of the consolidated —it is evident that the determined not to be d from its aim. As on representative put it his metaphors somewhat are determined to pu Street kicking and scr into the 20th century, t painful the birth."

Implications

In addition to contendi all the implications of th new drive for reform Street has also had regulatory problems cl home. Attempting t answers to last year's f crisis in New York City Abraham Beame shar creased the city's bo stock transfer taxes.

Although it now seem that these will be repeal this year, the impact has been felt. Four large market" firms have qu Street to move acr Hudson River to New and, given this examp hard to see how the res industry will be able t the lure of such a lo existence when the market makes exchang bership and location ir to business.

But this possible exod Manhattan by the s industry lies some tim in the future. Betwe and then, Wall Street to have to learn to l regulatory changes wh bringing about the dramatic modernisatio industry for 30 years. process, it is more th that the current boor tions will be follow massive and perhaps profits recession. But fat eliminated and perh than 100 of the present firms closed down, the could be expected to l

Jay l

Boston's heritag

THOUGH IT is the financial capital of the economically troubled New England region, Boston is still going strong as the nation's second most important money management centre. There is no better evidence of its vitality than the dramatic change in the city's skyline in the past few years. The leading commercial banks, insurance companies and investment advisers have been building impressively sleek new office towers to challenge the quaint 19th century British aura of the place.

Boston still benefits from its impeccable tradition as a mecca of cool investment thinking 240 miles north of that seething metropolis, New York. Boston's heritage of integrity and a knack for fiscal innovation continues to attract money and the talent to put it to work. Despite the high property taxes, and severe problems between the Black and White populations, the city has become home to sophisticated young professionals from all States.

It has not rested on its laurels as the birthplace of the mutual fund or the private trustee, either. As the hub of more educational institutions than any other city, it has attracted the most endowment money to protect and develop. Many private and public institutions feel comfortable giving their money to men whose names are the same as the first families of Massachusetts—Cabot, Lowell, Putnam and Thorndike, for example.

Recently, some of its thoughtful financial leaders have come up with new concepts for investing money—such as funds that invest in money market instruments rather than stock, and exchange funds where ownership positions can be swapped for a diverse portfolio without incurring a tax. In addition, there seems to be a steady stream of corporate pension accounts flowing from across the country to respected investment firms like Putnam Management Co., State Steet Investment Co. and Massachusetts Financial Services.

The city's record and position as a financial centre has not been free from some major blunders—or from the fall-out from two vicious bear stock markets and double digit inflation. Because of a State law, the Baystate became the breeding ground for the real estate trust industry, which over-borrowed, over-built and ran amock, losing billions for investors and contributing an equal amount of *bad loans for the banks.*

Then, too, Boston's credit rating was recently downgraded two notches by Moody's Investor Services because of "serious financial problems, including an impending deficit, strained tax base and unfunded pension liabilities of undetermined but large proportions." Another reflection of how the economic turndown hit Boston was the large loss of investors and brokerage outlets in the last five years.

No one had ever tallied the assets under management in Boston until, a few years ago, a local paper figured the combined capital *for investment* was over $80bn. No doubt this total was much lower at the bottom of the 1974 bear market, but surprisingly a sense of vitality has continued despite the demolishing of some reputations, the overthrow of managements, and the trauma of many investors.

The best example is the mutual fund sector, which represents some 33 per cent. of the industry's total $45bn. assets The mutual fund or unit trust has seen more redemptions than sales overall for the past few years, and funds have been sellers of stock on balance. Nor have they been able to outperform the market averages in the bull markets of the last year or so.

But despite this rather moderate performance, the flow of funds from private and public pension funds, the fastest growing pot of money in the economy, continues to roll in. Loomis Sayles and Co., one of the largest investment advisory companies, has the retirement fund of North Dakota State, and of the Indiana Bell Telephone Company. State Street Bank and Trust Company has the pension assets of a Minneapolis retail chain, Dayton-Hudson Corp.

Adaptability to high interest rates and the tr popularity of fixed securities gave rise to t that invested in sl securities. In Bos concept was taken further by Fidelity ment Company, which the Fidelity Daily Trust, which allo investors to write chec $500 on the fund, and a big ticket checking that paid interest. V payoff was as much a cent, assets rose to $8 that the yield is only cent., the fund still ha a sign that these fund a fly-by-night affair.

The Boston Stock E though tiny by Ne standards, has bec trading device for ma pean banks and foreig who cannot enter the big board. Credit Amsterdam Rotterda and the Dresdner Ba with others have me as have five Japanese James Capel, the U.S. British broking firm latest to apply.

In the banking co the State's savings ba been in the vanguar future structure of fin stitutions by offerin facilities, which are c accounts, and have the cial banks fighting ma

The commercial ba done yeoman servic money to Massachuset troubled State agenci have been in a bind re their short-term deb chusetts has faced a crisis second only to N and the banking c cannot stretch its much further.

Boston has become of the real estate i trust in the same pioneered the mut because of a State allows a corporation tax if at least 90 per c income is paid throug holders. Some trusts located in Florida h home offices in Boston the Chase Manhatt makes its headqu Boston rather than Manhattan Plaza.

By a Corres

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In 1975, we produced the following reports for our corporate and institutional clients.

BOND MARKET RESEARCH

Bond Market Roundup (Weekly)

1. to 52.
A weekly report on interest rate trends in the debt markets as measured by 23 yields and 38 yield spreads on the money markets, 18 yields and 34 yield spreads on Treasuries, 11 yields and 33 yield spreads on Federal agencies, 21 yields and 68 yield spreads on corporates, 10 yields and 29 yield spread series on municipal bonds. In addition, prices and other pertinent data are shown for all new major corporate bond offerings as well as secondary market quotes and yields for 15 recent, actively traded corporates. Weekly and monthly new issue bond volume for Governments, Agencies, corporates and municipals. Weekly comments on banking statistics including bank credit data on 10 national series and five New York series along with 6 monetary and reserve aggregates.

Comments on Credit (Weekly)

53. Lower Discount Rate Again. (1/3)
54. The Fed at Active Ease. (1/10)
55. The President's Message. (1/17)
56. Inducing Commercial Banks to Buy U.S. Governments. (1/24)
57. The Fed's Likely Response to the Sluggish Aggregates. (1/31)
58. The Rush Towards Credit Stimulation. (2/7)
59. The Sluggish Growth of the Aggregates. (2/14)
60. M1 vs. Fed Fund Targeting. (2/21)
61. The Fed's Response to the Market Setback. (2/28)
62. The Fed's Market Objectives. (3/7)
63. The Market's Non-Response to the Discount Rate Reduction. (3/14)
64. The Next Easing Move. (3/21)
65. Steadying the Market. (3/27)
66. Monetary Tactics Unchanged. (4/4)
67. Evaluating the Results of the F.O.M.C. Meeting. (4/11)
68. Fed Targets: How Close to the Mark. (4/18)
69. Market Conditions Prior to the Refunding. (4/25)
70. Impact of Treasury Operation on the Fed. (5/2)
71. Fed Operations Over the Treasury Financing. (5/9)
72. Additional Monetary Ease. (5/16)
73. Fed Operations and Credit Market Prospects in June. (5/23)
74. Leading Indicators and Fed Policy. (5/30)
75. Declining Treasury Balances and Rising Money Supply. (6/6)
76. A Dramatic Rally in Bonds. (6/13)
77. The Fed's Response to the Sharp Increase in Money Supply. (6/20)
78. Chasing M1. (6/27)
79. An Active Credit Market in July. (7/3)
80. Tempo of Money Market Abates. (7/11)
81. Steady Monetary Posture Ahead. (7/18)
82. Vigorous Monetarism. (7/25)
83. Even Keel. (8/1)
84. Trauma for the Infant Economic Recovery. (8/8)
85. Difficult Setting for This Tuesday's F.O.M.C. Meeting. (8/15)
86. Fed Maintaining Monetary Options. (8/22)
87. Market Prospects for September. (8/29)
88. Pressure on the Fed. (9/5)
89. Signs of "Crowding Out". (9/12)
90. Fed Purchases of U.S. Government Issues. (9/19)
91. Recent Revisions of the Money Stock. (9/26)
92. New Monetary Accommodation Hinted. (10/3)
93. Monetary Accommodation Confirmed. (10/10)
94. The Import of the Lowering of Reserve Requirements. (10/17)
95. The Path of Monetary Accommodation. (10/24)
96. A Pause in the Move Towards Accommodation. (10/31)
97. Leaning Towards Additional Ease. (11/7)
98. The Next F.O.M.C. Meeting. (11/14)
99. Galloping M1. (11/21)
100. Private Pension Funds Return to Equities. (11/28)
101. The Growth of Monetary Aggregates Compared to Official Targets. (12/5)
102. Treasury Note Offerings. (12/12)
103. Lower Money Market Rates Ahead. (12/19)
104. The Rally in Fixed-Income Securities. (12/26)

Comments on Values (Monthly)

105. Yield Differentials of Euro-Dollar over U.S. Certificates of Deposit Widen Sharply. (1/7)
106. The Lengthening Medium-Maturities in Corporates. (2/5)
107. Narrower High-Grade Corporate-U.S. Government Yield Spreads. (3/5)
108. Medium to long-Term Yield Differentials in New Corporates Extremely Wide. (4/8)
109. Relative Performance of Recent Foreign Bond Offerings. (5/6)
110. Differing Yield Inducements to Extend in Secondary Market for Medium-Term Taxables. (6/4)
111. Dramatic Flattening in Taxable Yield Curves. (7/2)
112. New U.S. Government Coupon Issues Very Attractive Against Other Taxables. (8/6)
113. Yield Spreads Favor New Medium-Term Corporates Despite Lighter Volume. (9/4)
114. Perspective on Municipal Yields. (10/7)
115. Narrow Spreads Between Aa Corporate and Long Governments. (11/5)
116. New Trends in Yield Spread Changes in Market Rallies and Declines. (12/3)

High Grade Corporate Bond Total Rate-of-Return Index (Monthly)

117. to 128.
A monthly report that shows total rates of return for a composite, high grade corporate bond portfolio over one month, three months, year to date, twelve month holding periods as well as for the last four calendar quarters. Rates of return for the composite portfolio are shown for principal, coupon income and re-investment. The total return for five selected coupon groups of utilities and industrials is also shown as well as their differences from the composite portfolio.

Reports to Portfolio Managers

129. The Attack on the Dollar. (3/4)
130. Financing the Federal Deficit as Viewed From a Credit Flow Perspective. (4/8)
131. Constraints on Business Management Strategy in the 1970's. (4/27)
132. The Complexities of the Current Fiscal and Monetary Situation. (5/5)
133. The Anatomy of the Secondary Market in Corporate Bonds: End of 1974 Update. (5/19)
134. Economic Recovery, Liquidity and Interest Rates. (6/3)
135. U.S. Treasury Financing in the Second Half of Calendar 1975. (6/17)
136. Credit Flows Reflect Strong Effort to Repair Widespread Financial Imbalances. (6/30)
137. An Analytical Record of Yields and Yield Spreads. (7/15)
138. Federal Reserve Activity in the Securities Markets: 1975 Style. (8/20)
139. Commercial Bank Investments in the Postwar Period. (9/1)
140. Financial Well-Being: The Slow Road Back. (9/3)
141. An Update on Economic and Financial Prospects. (9/22)
142. Frustrations, Imperfections and Economic and Financial Recovery. (10/9)
143. The Cyclical and Secular Trends of Interest Rates. (11/21)

The Cost of Money for Corporate Finance

144. The Timing of Corporate Refundings. (4/7)
145. Public Bond Financings by the Fortune 500 Largest Industrials. (7/1)

Special Reports

146. Annual Review of the Bond Market.
147. Supply and Demand for Credit in 1975 (2/10, 6/30)

BOND PORTFOLIO ANALYSIS

Reports to Portfolio Managers

148. Risk Consciousness in Bond Portfolio Management.
149. Relative Return Analysis of Convertible Securities.
150. An Analytic Approach to the Bond Market.
151. Horizon Analysis: A New Analytic Technique for Managed Bond Portfolios.
152. Incorporating Tax Effects into Bond Portfolio Management.
153. Sinking Fund Pre-Purchase Evaluation.
154. The Analysis of Intermediate Term Bond Financing.

INDUSTRY AND STOCK RESEARCH

Telecommunications Industry

155. Telco Stocks: More "Cautious Optimism". (2/12)
156. Prescription for Telco Money Problems. (3/10)
157. Data Communications: Forces of Change. (3/11)
158. American Telephone and Telegraph (49). (3/21)
159. Impact of Competition on Telecommunications; Industry Capital Costs. (4/15)
160. The Independent Telephone Industry. (5/27)
161. Relative Performance and Quality of Selected Telephone Companies: 1975. (7/2)
162. Outlook for the Telephone Industry in a Whiplash Economy. (9/14)
163. SDLC, BDLC, and DDCMP: Initial Developments in Satellite Data Communications. (9/30)
164. World Telecommunications: How Large an Investment Will be Required? (10/1)
165. Tax Reform and Telco Financing. (10/20)
166. American Telephone and Telegraph Company. (11/21)
167. American Telephone and Telegraph (50¾). (12/29)
168. Comsat—The FCC Rate Decision. (12/29.)

Electric Utilities Industry

169. The Changing Fundamentals of Electric Utility Stocks. (1/3)
170. Electric Utility Bond Ratings. (1/7)
171. Electric Utility Bond Ratings. (6/17)
172. Electric Utility Bills and Consumer Income. (6/30)
173. Electric Utility Equities: The Anatomy of Current Price/Yield Relationships. (7/1)
174. Electric Utility Equities: The Anatomy of Current Price/Yield Relationships. (8/25)
175. Electric Utility Dividends: Past, Present, and Prospective. (9/22)
176. Electric Utility Bond Ratings: Second Quarter 1975 Coverages. (9/29)
177. Factors in Dealing with Our Energy Disequilibria. (10/22)
178. Electric Utility Bond Ratings: Third Quarter 1975 Coverages. (12/10)
179. What's In A Utility Bond Rating? (12/17)

Insurance Industry

180. Earnings Review. (1/16).
181. Preliminary 1974 Earnings Data. (3/3)
182. Property and Casualty Insurance. (4/8)
183. Earnings Review. (4/28)
184. Property and Casualty Insurance. (5/29)
185. Earnings Review. (6/24)
186. Property and Casualty Insurance. (8/28)
187. Earnings Review. (9/29)
188. The Impact of Interest Rate Trends on Life Insurance Stocks. (10/8)
189. Property and Casualty Insurance Earnings Review, 1975 Results; Considerations for 1976. (12/5)
190. Life Insurance Earnings Review and Outlook; Update on "Interest Rate Trends". (12/23)

Petroleum Industry

191. Federal Power Commission's Financial Incentives for "New" Natural Gas. (3/17)
192. Petroleum Economics Under OPEC-Dominated Supply and Price. (4/17)
193. World Petroleum Reserves Versus World Petroleum Supply. (5/1)
194. Economic Analysis and Forecast of Petroleum Industry Profitability: 1975—1976. (5/9)
195. OPEC Price Rise Adds Over $8 Billion to Oil Revenue Flow. (10/1)
196. OPEC Price Trimming Provides Little Benefit to OECD Countries. (10/15)
197. Rising Oil Deficits of LDC's Limits OPEC Options at Producer/Consumer Meeting. (10/29)
198. Congress to Press Petroleum Company Divestiture Issue. (11/12)
199. OPEC Refining Expansions Still Hinge on Oil Product Economics in Europe and Japan.. (11/26)
200. U.S. Coal Export Growth Spurred by Foreign Substitution Effect on Oil. (12/10)
201. Excess Capacity Condition in LNG Tankers to Worsen. (12/24)

Transportation Industry

202. Transportation and President Ford's Energy Proposal. (1/17)
203. Airline Industry Earnings and Passenger Load Factors. (1/31)
204. Railroad Industry Outlook: 1975. (3/11)
205. The Airline Industry: 1975 and Beyond. (3/24)
206. Railroad Traffic Statistics—First Quarter 1975. (4/14)
207. Railroad Industry: First Quarter Results. (4/25)
208. Airline Industry: First Quarter Results. (4/25)
209. Airline Mergers—The Prospects for a New Airline Industry. (6/3)
210. Railroad Traffic Statistics—Second Quarter Developments. (6/6)
211. Crude Oil Prices. Aviation Fuel Prices, and Airline Industry Earnings. (7/10)
212. The Airline Industry—A Mid-Year Perspective. (8/21)
213. Railroad Industry: Mid-Year Review and Outlook. (9/5)
214. Wage Cost Explosion: A New Threat to the Airlines. (9/16)
215. Railroad Traffic Statistics: Third Quarter 1975. (10/22)
216. Railroad Industry Review and Outlook. (12/18)

Portfolio Weightings

217. Fourth Quarter 1974. (2/6)
218. First Quarter 1975. (4/29)
219. Second Quarter 1975. (7/23)
220. Third Quarter 1975. (10/28)

Portfolio Planning

221. Quality, Income Diversification and Long-Term Investing. (11/14)

Special Reports

222. Today's New Emphasis on Bond Credit Analysis. (11/15)
223. Outlook for Regulation. (12/16)

BANK STOCK RESEARCH

Bank Stock Weekly

224. The Year in Review. (1/3)
225. Building Interest Margins and Reserves. (1/10)
226. Fourth Quarter Earnings. (1/17)
227. The Surge in Prices. (1/31)
228. Loan Loss Review. (2/7)
229. Toward Improved Loan Loss Disclosure. (2/14)
230. Toward a More Sustainable Interest Spread. (2/21)
231. Financial Leverage and Profit Margins. (2/28)
232. Internal Capital Generation. (3/7)
233. Trimming Assets and Improving Liquidity. (3/14)
234. Market Review and Outlook. (3/21)
235. International Banking: A Current Appraisal. (3/27)
236. Formula Revision. (4/4)
237. First Quarter Earnings—Part I. (4/11)
238. First Quarter Earnings—Part II. (4/18)
239. Comments by Alfred Hayes. (4/25)
240. Tanker Lending. (5/2)
241. Capital Ratios—First Quarter Update. (5/9)
242. Rates Down-Margins Widen. (5/16)
243. The Sinking Floaters. (5/23)
244. The Forgotten Banks. (5/30)
245. International Loan Loss Experience. (6/6)
246. Balance Sheet Trends by FRB Districts. (6/13)
247. SPECIAL: Market Review and Outlook. (6/20)
248. Countywide Branching Comes to Florida. (6/27)
249. New Rules Proposed on Capital Note Issuance. (7/3)
250. Second Quarter Earnings—Part I. (7/11)
251. Second Quarter Earnings—Part II. (7/18)
252. R and R (Repair and Renovation). (7/25)
253. On Spreads and Margins. (8/1)
254. Loan Reserve Buildup. (8/8)
255. Capital Ratios—Mid-Year Review. (8/15)
256. An Analysis of Investment Portfolios. (8/22)
257. Loan Loss Capacity. (8/29)
258. New York City Bank Deposit Trends. (9/5)
259. Profile of the Loan Decline. (9/12)
260. Market Post Mortem. (9/19)
261. Air Carrier Indebtedness to Banks. (9/26)
262. Getting it Right on Reits. (10/3)
263. Airline Tabulation Correction. (10/10)
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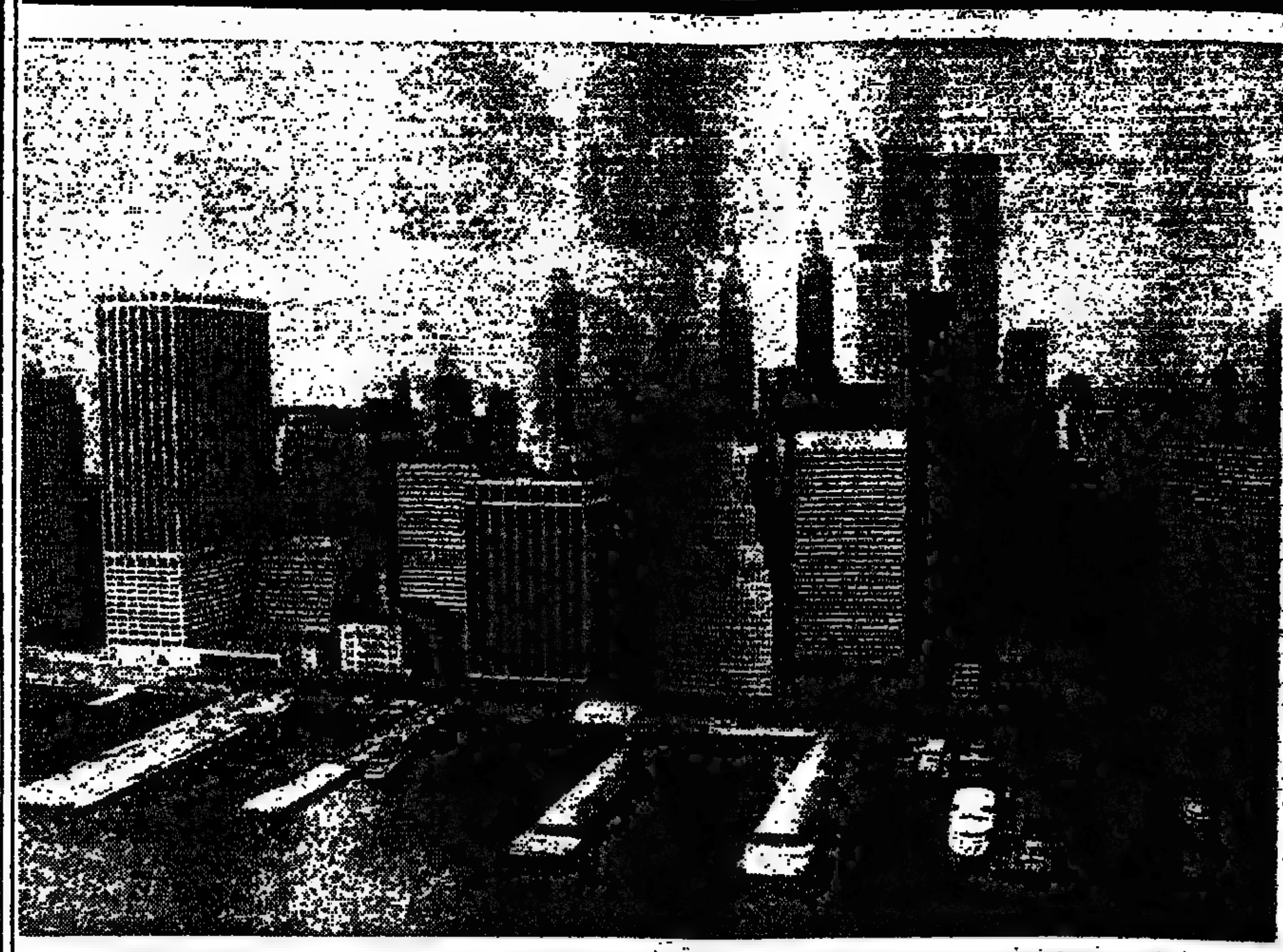

New York's financial district.

The professionals under fire

IT APPEARS to be open season on professional money managers. They receive a continual barrage of criticism debunking the myth that money managers have superior market savvy, expertise and performance. It seems that everyone from Paul A. Samuelson, Professor of Economics at Massachusetts Institute of Technology and a Nobel laureate, on downwards, has been taking pot shots at the professional fund managers, and for good reason.

Last year the Standard and Poor's 500 index was up 37 per cent., after adjustment of dividends. Few of the much touted professionals did any better, and many of them did a good deal worse.

In the mutual fund industry, for example, the average gain, according to Lipper Analytical Services was only 29.39 per cent. But the much battered mutual funds were not alone according to Mr. Edwin Callan of Callan Associates—a San Francisco based consulting firm which measures the performance of money managers for its clients—the past few years have given all the professionals a pretty rough ride.

Return

Mr. Callan reports a median rate of return on funds managed by the large banks over the past five years of 1.21 per cent.; small banks were 2.60 per cent.; and, insurance company separate accounts, 1.26 per cent. Over the same period, the S. and P. 500, with dividends reinvested was up 3.25 per cent. and the Dow Jones Industrial Average up 4.54 per cent.

Similar results were charted by the Frank Russell Company of Tacoma, Washington. According to the Russell survey, the 91 banks pooled equity funds it charts were up 26 per cent. in 1975, but were down 2.9 per cent. over the past four years and were up only 0.6 per cent. over the past eight years. By comparison the S. and P. 500 index was up 0.6 per cent. over four years, and up 2.7 per cent. over eight. Hardly a distinguished performance, but better than the professionals.

Out of the entire group of selected bank special equity funds, insurance equity funds, investment advisory firms, growth-type mutual funds and the balance and income mutual funds which the Russell survey follows, only the latter group turned in a performance marginally better than the S. and P. 500 over the long term. It was for both the four-year and eight-year periods 0.1 per cent. above the index.

Naturally, there were some funds which did better than the average last year. The best returns were made by the aggressive capital appreciation funds, which invest in the stock of emerging or developing growth companies. The little 44 Wall Street Fund, with $5m. in assets, ranked number one in the Lipper survey, with a gain of 184 per cent. in the year, and was followed by Pennsylvania Mutual with $4.8m. in assets and a gain of 121 per cent., but neither one turned in stellar performances in 1974. Their rankings in that year's Lipper survey, which covered 535 funds, were 121 and 387 respectively.

The general consensus gives few passing marks to the broad spectrum of professional money managers. Charles D. Ellis, President of Greenwich Research Associates, estimates that during the past ten years 85 per cent. of professionally managed funds have under performed the S and P 500.

A growing number of firms are turning to the market fund in an effort to eliminate the inconsistent performance of most professionals. A market fund simply buys the stocks that make up an index. Its purchases of the individual securities are proportional to the stock's weight in the index average.

A recent study published by two law professors at the University of Chicago suggests that not only does the market fund out-distance most professional managers, but it also complies with the new and more stringent fiduciary obligations outlined in the 1974 pension reform act (the Employee Retirement Income and Security Act—ERISA). Under the 1974 code managers and trustees were liable for the poor performances shown by their pension funds. A market fund would equal an index performance, and would comply with the demand for broad portfolio diversification which ERISA calls for.

It is not surprising, therefore, that many of the companies which have turned to market funds, are those moving a proportion of their pension funds out of the hands of professional managers. The list includes the giant American Telephone and Telegraph, which has shifted $120m. of its pension fund portfolio total of $12bn. into index funds. Ford and Exxon—the former with $2.5bn. in pension money and the latter with $1bn.—have each set up index funds with $20m. It is estimated that index or market funds account for $400m. of the total $300bn. in all funds from personal trust to foundations, and pension funds to profit-sharing.

A market fund also eliminates the large turnovers, which recent statistics indicate have risen to an average of 30 per cent. of portfolio holdings each year, up from 10 per cent. ten years ago. This practice, it is held, consumes an estimated 3 per cent. of the principal on each buy or sell transaction. It is, in fact, the servicing costs which make many funds only marginally profitable.

In an analysis of mutual fund performance, published by Michael C. Jensen of the University of Rochester School of Management, it was maintained that funds on an average were not able to make enough gains in the market to cover their management costs and brokerage fees. This study charted fund activity between 1945 and 1964—thus omitting what many feel has been the most disastrous decade in the past 50 years 1965-75. This was, of course, the time when funds were plagued by rising costs and falling revenues.

Efforts

Efforts to stabilise the performance of the professionals are appearing in the form of plans which either minimise losses or guarantee gains.

Mutual funds, which are still facing problems with net redemptions, are starting to offer their clients insurance against any drop in the value of their investment. An investor must make a 10-year commitment and reinvest his dividends under the plan. If the fund should decline in value over the 10-year period the investor receives his initial investment (reinvested dividends are not included) plus the $12 a year administrative fee for the insurance plan and the cost of his insurance premium.

The plan has not had a landslide reception—but then neither have mutual funds recently. According to statistics from the Investment Company Institute, an industry association, mutual funds excluding money market funds redemptions last year $100m. more than 1[...] money market fun[...] better, with net sale[...] of $900m.—although e[...] tailed off at the end c[...] with total net redem[...] November and Dec[...] $30.6m.

Insurance compani[...] trying to capitalise o[...] ERISA regulations pension fund manag[...] able investment vehi[...] form of guarante[...] contracts. Equitab[...] Assurance Society drew in new sales[...] ment funds of over which about 40 per attributable to the [...] guaranteed interest which promise about return on an eight y[...] ment.

The disappointing ance of the professio[...] many circles, tended cate the theorists, staunchly claimed market moves are qu[...] random and endlessly able—they do not r[...] formance patterns [...] This is the myth that rather than the repu[...] various money man[...] methods.

Analysts, advisors "technicians"—the chartists—devoutly "random walk" theo[...] believe that there cernible pattern in ment of stock and [...] markets and that th[...] can be charted, ana[...] interpreted for profit. test may still be in t[...] when the performan[...] unmanaged market matched against the w[...] expertise of the pro[...] If the past is any indices will be the wi[...]

Candace C[...]

Inflation hits insurance

NO BUSINESS has suffered more from the inflation of recent years than insurance. In 1974 and 1975 the industry experienced the worst underwriting losses since Best's, the official industry compiler of statistics, began to keep records over 40 years ago. Last year was the worst of all, when the industry as a whole paid out nearly $1.09 in claims and overheads for every dollar of premiums that it received.

Probably only the fact that the rising stock market (insurance companies generally invest their capital and surplus in common stocks) helped to offset the drain of these losses averted some major bankruptcies, and at present the future of one of the largest and once most successful auto insurance companies, GEICO, is still unclear. Of all the companies in America which receive over $100m. of annual premiums only one, American International Group, succeeded in making a profit on its underwriting operations.

A combination of inflation, bad management, politics and changing consumer attitudes has brought this about. Inflation needs little comment save to point out that the rate of inflation in those areas which most directly affect the cost of insurance claims—auto repair and hospital and medical costs—has been running at rates far in excess of the official measures of inflation, such as the Consumer Price Index.

Blame

Bad management has been at least as much to blame; there are companies whose results have been much better than the industry's without gimmicks, so it can be done. Mostly, poor management has shown itself in the philosophy of pursuing growth at the expense of all else. Owing to the length of time it takes to settle claims, it is usually about three years before an insurance company knows for sure what it made or lost in a given year (which is why Lloyd's reports its results three years in arrears). In the interim, management establishes a reserve to provide for the payment of these claims, and this reserve is constantly adjusted as the claims are progressively paid. Over-optimistic manag[...] therefore report, on a [...] basis, far better profit[...] company is actually This is what happene[...] and 1973, two of the m[...] able years in the inc[...] over a decade. In fact, lent results reported years proved to be illu[...] the claims were actu[...] and the already seri[...] lems of the last two y[...] exacerbated by the ne[...] pay claims that should properly reserved in ceding years, but had

To add to all this th[...] problems have been State regulators, wh[...] charge of approving rates, particularly in t[...] tant auto line—40 pe[...] the industry's business[...] garded themselves as of the consumer a[...] blocked rate increases the willingness of peo[...] at the smallest provoc[...] increased dramatically. ago, it was almost u[...] to sue one's doctor; t[...] is a commonplace o[...] and many doctors are [...]

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An attractive home for OPEC money

TWO BASIC forces have been at work over the past two years to enlarge the international role of the U.S. financial markets. The first has been the substantial inflow of capital from members of the Organisation of Petroleum Exporting Countries (OPEC) since the oil price began rising sharply in late 1973. The second and rather less dramatic factor has been the increased incentive to foreign borrowing in the U.S. provided by the removal of the Interest Equalisation Tax (IET) in February, 1974.

Over the past year the marked decline in the aggregate surplus of the oil exporting countries—and the emergence of deficits in several individual cases—has been reflected in a much slower inflow of funds into the U.S. According to preliminary estimates, placements in American investments of all kinds amounted to a little more than $6bn. in 1975, just over half the $11.25bn. absorbed the previous year.

Nevertheless, there has been a marked trend towards the diversification of OPEC portfolios, with less money going into commercial bank time deposits and more being invested in Federal Government and agency issues. Mr. Richard Debs, a vice-president of the Federal Reserve Bank of New York, has calculated that the proportion of total funds placed in time deposits held steady at about 40 per cent. during 1975, while OPEC purchases of Federal securities rose by about $4bn.

This trend should reassure those in the U.S., and especially in Congress, who have expressed concern about the major banks' reliance on large short-term Middle Eastern deposits and their presumed vulnerability to a sudden withdrawal of these funds. Equally significant in this respect is the general lengthening of maturities among OPEC investments that has taken place in recent months.

Discreet

At the end of last year, roughly one third of the OPEC countries' total holdings of private and Government investments were long-term, up from only about 10 per cent. a year before. Moreover, there has been a significant, though discreet, growth in equity investments in the U.S. Mr. Debs has estimated that during 1975 these may have amounted to as much as $3bn.

There has also been a nascent display of interest among some Middle Eastern countries in direct placements of corporate debt. The only sizeable example on record is the purchase by Saudi Arabia last July of a new issue of $100m. of medium-term American Telephone and Telegraph notes.

At present, this development cannot be reckoned to be much more than a straw in the wind, and the expansion of such deals on a significant scale is likely to be limited by several constraints beyond the decrease in the volume of investible OPEC funds. Middle East portfolio managers have distinguished themselves by their caution and have made it clear that they are unlikely to be interested in any but the very highest quality debt in the foreseeable future. Furthermore, they are selective about issuers—Saudi Arabia has strongly indicated, for instance, that it does not wish to purchase debt issued by U.S. oil companies.

A further constraint is the U.S. withholding tax, which is assessed at the rate of 30 per cent. on the yields paid to lenders that have not negotiated double taxation treaties with the U.S. Though the prospects for the removal of the withholding tax look more promising now than they did a year ago, the forthcoming elections make it difficult to predict exactly when Congress will act.

In terms of international lending, the most striking feature of the American financial markets over the past year has been the sharp increase in the volume of bond issues by foreign borrowers. During 1975 the total of such issues exceeded $6bn., or roughly twice the level during 1974, the year in which the IET was removed.

The appeal of the U.S. markets has, of course, been enhanced by the relatively favourable interest rates prevailing there in recent months. This has been particularly true for Canadian borrowers, who accounted for almost half of all new foreign bond issues in the U.S. last year. A further inducement has been the removal of the Canadian withholding tax on interest paid to non-residents by Canadian corporations on borrowings of five years or more.

Among other issuers a sizeable chunk of new borrowings—a little under a third—was accounted for by international organisations, with the World Bank figuring prominently. Though issues by non-Canadian private borrowers remain in a distinct minority, they are also clearly on the increase.

Foreign corporate issues launched during the past year have included $100m. of bonds by ICI, a similar amount of convertible bonds by Matsushita Electrical and $150m. of notes and bonds issued by British Petroleum's North American financial subsidiary. In addition, BP, in partnership with its sister company, Standard Oil of Ohio, raised $1.75bn. through a private placement—the largest ever made by any borrower in the U.S.

INTERNATIONAL BOND ISSUES IN THE UNITED STATES, $M.

	1974	1975 (preliminary)
Developed countries	2,270	4,079
Canada	1,362	2,854
France	92	310
Australia	—	265
Japan	30	260
Norway	—	200
Other	186	190
Developing countries	386	258
Mexico	50	172
Other	336	86
International organisations	610	1,875
World Bank	500	1,250
Other	110	625
Total	3,226	6,212

Source: Morgan Guaranty.

There is no doubt that the U.S. bond markets are highly discriminating about foreign borrowers, and even those with the most impeccable credentials are obliged to pay a premium over the rates available to comparable U.S. corporations on similar issues. In addition, the disclosure requirements exacted by the Securities and Exchange Commission are fairly strict by the standards of many European countries and are thus likely to deter those foreign companies which make a practice of secrecy.

Nonetheless, a number of issuers have found that familiarity breeds respect and that taking the effort to study the ways in which the American markets operate pays its own rewards. Most corporate issuers, for example, have found it worthwhile obtaining a credit rating from one of the two main American rating agencies—a procedure that is widely accepted as common practice among U.S. issuers.

Whether foreign issues will continue to grow at their recent pace in the next few years remains to be seen. The trend is almost certain to be influenced by relative interest rate levels, which are unlikely to move consistently in favour of the U.S. markets. This was recognised last August when the European Investment Bank abruptly cancelled a planned $100m. note issue in the U.S. and shifted it to Europe to take advantage of the better conditions prevailing there.

Encouraging

In the longer-term, the capacity of the U.S. markets to absorb international issues is likely to be influenced by statutory restrictions imposed on the amounts of foreign securities that may be held by many big American institutions in their portfolios. But it will be some time yet before such constraints have any major impact. In the meantime, foreign bond issues have undoubtedly got off to an encouraging start—all the more so when one recalls strenuous competition among American borrowers for funds during the early months of last year.

The rise in foreign bond issues in the U.S. last year is in sharp contrast to the much slower rate of growth in direct net lending to non-residents by banks in the U.S. This rose by only about $2bn., compared with a rise of about $11.7bn. in 1974. The major reason was a substantial repayments by Japanese borrowers, to whom extensive credit had been made available the previous year.

Loans to less developed countries continued to increase strongly, however, rising by about $3.8bn. during the first nine months of 1975, according to Morgan Guaranty. But this trend is expected to be reversed during 1976 as domestic loan demand picks up, though there will probably be a good deal of refinancing of existing LDC debt by American banks, which hold about 40 per cent. of the total.

In addition to the deterioration in the creditworthiness of a number of oil-importing LDCs, U.S. banks' resistance to extending further new loans to them is being hardened by the strains on their own capital positions. Furthermore, the questions raised recently in Congress about bank loans to LDCs could lead to additional caution in this area.

Guy de Jonquieres

Insurance

CONTINUED FROM PREVIOUS PAGE

with the payment of insurance premiums that run to well over $10,000 a year. Manufacturers are sued when products prove to be defective: directors, lawyers and accountants are regularly the targets of legal action. It is difficult to get directors to serve on Boards without insurance to cover their liability. The law has been interpreted in a manner progressively more sympathetic to the consumer, and the area of liability has widened dramatically in the past few years. All this has led to increased claims payments for the insurance industry.

The industry has so far come through this difficult period without major insolvencies, although the CNA situation was potentially dangerous and the GEICO problem is still unresolved. CNA had embarked on the road of growth before profits in the 1960s (insurance is an unusual business in that nothing is easier than to increase revenues rapidly, but to earn profits, outside investment income, is correspondingly difficult). It branched out into real estate and mutual funds and other speculative ventures, and was eventually taken over by Loew's and is now concentrating once again on insurance.

GEICO had enjoyed many years of profitable growth selling auto insurance to preferred risks, broadly the professional, upper income strata of the population. Three or four years ago, fearing that its growth in this restricted market would slow down, it embarked on a programme of expansion which, combined with the introduction of no-fault insurance in some States (meaning that, since each insurer paid the damages and economic loss suffered by its policyholder regardless of who was at fault, the preferred risk ceased to be an advantage), led to an underwriting loss last year large enough to endanger the company's financial viability.

Increases

What then is the future of this troubled industry? In the short term, the signs are clear that results should improve. The problems of the past two years have impressed insurance regulators enough that they have granted some really sizeable rate increases. These, combined with a perceptible slowing of inflation, should mean that 1976 results, while still unprofitable on the underwriting side, should be far less so than last year's. Combined with growing investment income this should mean a sharp jump in the industry's total profitability. If the stock market continues to rise, or at least remains at its present levels, the depleted capital of the industry will have a chance to recover. The impetus of rising rates and slowing inflation could well lead to a good year in 1977, when there is a chance that the industry will return to a position of underwriting profitability. What will happen if inflation accelerates again, however, is not clear. If this were to happen without a reasonable breathing space, there seems clear danger that some of the weaker companies may go under.

In the longer term, the future of the industry seems to depend on two main variables—the degree to which managements have learned from the disaster of 1974-75 and the resolution of the auto insurance problem. The simple difficulty of auto insurance is that every person is considered to have the right to auto insurance, no matter what type of risk he is, and that the fair cost of the insurance is often greater than the insured can afford—in a country where a car is a necessity to anyone living outside the centres of two or three cities. No fault is an attempt to remedy the problem by eliminating the costly business of legal action in small accidents. It is not the whole answer, however, and this is one line of business where a company cannot entirely protect itself even with excellent risk selection, since it is obliged to take its share of the "assigned risk" market—insuring those who cannot find insurance through normal channels. It is easy to see that even if the industry were to improve its standards across the board, it would still have to take the risks its own underwriters had rejected. Adequate rates would be a satisfactory theoretical answer, but in practice this would lead to another insoluble problem, that of people who must have a car to work being unable to afford to insure it. There is no solution in sight at present.

Outside the auto insurance area the picture could be a great deal more encouraging. Insurance is an essential product, and volume growth over time tends to be above-average. There is a steady stream of investment income, which even in a good underwriting year makes up over 80 per cent. of total profits, and is highly predictable. Commercial insurance underwriting is unregulated, and success is basically a matter of putting profits before volume and choosing risks wisely and pricing them properly. American International Group's results in 1974-75 proved that this can be done even in the worst of times.

What is basically needed is strong management. If the lesson of the past two years has been learnt, the future could see higher and more stable profits along with less rapid revenue growth. Otherwise, as soon as the current pressures ease, standards will be relaxed a little, reserves will be run down to increase current earnings and stock prices, price competition will resume, and another cycle will be on its way. Industry observers are watching with interest to see whether the old pattern is to be repeated, or whether there will this time be a real reform.

By a Correspondent

Chicago moving to centre stage

ONE OF Chicago's largest banks is in the midst of a catchy advertising campaign under the slogan: "We'll find a way." It is a slogan that could equally apply to Chicago as a whole; the city is rapidly acquiring the reputation of being among the most adventurous and innovative financial centres in the U.S.

Although the city itself still suffers from something of an inferiority complex because New York has for so long been the heart of the American financial system, this is now beginning to change. In the past few years a number of foreign banks have set up branches in the city. the options exchange has broken new ground in the trading of stocks and has so far been a great success, and the thriving commodity markets of the Board of Trade have diversified into new areas, also with a good deal of success. Much to Chicago's pleasure, meanwhile, a recent survey showed that for the first time there are now more stockholders in the Chicago area than in the New York region. In recognition of this many of the major brokerage firms have their largest offices in the city, although their headquarters remain close to Wall Street.

For, despite Chicago's rapid development, there is still only one American capital market and that remains centred on New York. However as a major user of capital, and a major provider of it, the Chicago area does have a number of special features. To begin with, Chicago's position at the centre of the country has made it the hub of the U.S. transportation network. O'Hare Airport is the busiest in the world, almost all the major railway companies still serve Chicago and myriad truck lines have terminals in the area as well.

While this has historically made the city a natural centre of manufacturing industry and of retailing—Sears Roebuck the great store chain which began selling by catalogue in Chicago because of its location is still headquartered in the city—it also reflected the fact that much of the nation's agricultural production, particularly livestock, used to be shipped through Chicago. The commodity markets, usually accepted as the world's largest, are still in the city, even though much of the livestock is now handled elsewhere. This in turn means that the city's banks remain interested in agriculture and draw a noticeable part of their funds from the agricultural sector.

Farming has become very big business, with gross farm receipts in the year to September 30, 1975 some $102bn. roughly the same as the Defence Department budget and twice as much as they were ten years ago. Thus Chicago still faces firmly in two directions: towards the industrial centres of the Mid-West and towards the great crop producing plains that stretch westwards.

In the recession of the past two years Chicago has suffered a little more than the rest of the country. In past downturns the city has usually fared better than other major centres, but this time its unemployment rate climbed several points above the national figure and it is still higher. Bank analysts say that this reflects the City's position as the centre of a "basic manufacturing area," which made it very vulnerable when consumer demand began to fall off sharply. The signs are that demand is now picking up steadily, and the fourth quarter results of many of the medium-sized manufacturing companies in the area have made more cheerful reading than for some time past.

Forbidden

This has inevitably had its effect on the area's banking community, which itself has a number of features peculiar to the State of Illinois. Under Illinois law banks are only allowed to operate "under one roof" and branch banking is forbidden. This law has been slightly modified so that banks can operate out of one building next to their main office, but in essence it is unchanged. This means that the State has some 2,000 fully independent one-office banks, ranging from major international banks like Continental and First National Bank of Chicago to tiny institutions in small towns.

The burden of providing capital for local industry, which has needed to finance high inventories and sluggish business over the past two years, has largely fallen on the larger banks, who have generally been able to provide plentiful short-term credit to the larger companies particularly in the past nine months. The smaller companies have in some cases had difficulties, and almost all companies have until recently had great trouble in arranging suitable long-term debt.

With the stock market down until the latter part of last year, rights issues have been few and far between, although some Chicago brokers believe that a number of companies in the area are shortly going to try to raise new capital on the equity markets. Anxious to replace their medium-term high-interest debt with longer-term arrangements, many companies have been concentrating on reordering their debt position, with varying success. In the past few months they have been greatly helped by private placements by local insurance companies or pension fund managers, and this is being taken in the city as a further sign that long-term capital is now in greater supply than for some time.

There are still fears in the area that there will be a capital shortage later this year, but they are receding as the projections for the rest of the year that the economy will go on getting healthier are digested. From the point of view of the investor, as opposed to the company manager, the situation also seems to be improving, and Chicago has, like other areas of the country, benefited from the upturn in the stock market.

In particular the options exchange developed in the city has proved a major addition to the range of financial institutions. The exchange, which has now been copied by two other financial centres in the U.S., and has been closely watched by the Stock Exchange in London, now lists some eight stocks and appears really to have come into its own during the recent surge in the market. The Options Exchange, which trades on its own very hectic floor in the Board of Trade, is now the second largest stock exchange in the country in terms of volume.

Investors who are using it—institutions are still for the most part not involved—do so either as a speculation or as a hedge for their investment. Chicago brokers say that the fact that the options market can provide a hedge for an investment in a stock has encouraged a number of very cautious investors to re-enter the market. The exchange rejects the charge that it has itself been responsible for the surge in New York and says that its stocks have not behaved any differently on the NYSE than many other equities which are not quoted on the Exchange. The options exchange now has some 1,300 seats and most brokers are agreed that it has significantly increased the liquidity of the stock market. Exchange officials are in no hurry to add further stocks to their list but are now actively investigating going into puts to match the calls.

Constantly

If the institutions do enter the market in due course this will inevitably have a major effect on it, as the involvement of major investors and sometimes smaller investors has had on the commodity markets. The Chicago Board of Trade, which oversees all of them, has seen the number of items traded increase constantly so that now, in addition to the ordinary commodities, there is a brisk trade in mortgage rate options and there is talk of a chemical exchange as well.

Somewhat surprisingly the frenetic activity on these exchanges is not widely reported in Chicago. Nevertheless, many of the Chicago banks, while staying out of actual commodity trading, are in the business of putting up "margin money" and they watch the markets closely.

The local banks have also been watching two other developments with close interest. The first has been the enormous increase in the number of foreign banks that have opened offices in the city in the past few years. These range from banks which seek to tap the "ethnic" market in Chicago and hope that, for instance, Greeks will patronise a Greek bank and so on, to major European and Japanese banks seeking to service existing American multinational clients or to pick up new business. Barclays has taken the matter a stage further and gone into retail banking, although it is as yet perhaps too early to say how well it is faring.

The area around Chicago is heavily involved in international trade and thus has proved increasingly sensitive to economic conditions in the rest of the world. And for their part the larger Chicago banks have been expanding rapidly in other parts of the world and have become very adept at international banking in a comparatively short time.

In Chicago as elsewhere, of course, there is some discussion about the fact that, while American banks are restricted to operating only within one state, some foreign banks are able to operate in more than one state, giving them, in the eyes of some bankers, something of an unfair advantage. While the foreign banks tend to argue that American banks should not complain since they can set up as many branches as they like if they open in Europe, both foreign and local banks in Chicago have been watching with the greatest interest the growth of the so-called "Edge Act banks."

These are American banks from other states which have set up offices in Chicago and are so called because the "Edge Act" is the statute under which they are regulated. While these banks have not opened retail offices, and are prohibited by law from so doing, they have recently moved a good number of their loan service officers to the city. They argue that they can provide much better service for companies who may have borrowed money, say in California for a plant in Los Angeles but who may have their corporate headquarters in the Chicago area.

Such banks insist that they are not soliciting deposits of any kind and are adhering closely to the federal rules, but there are some bankers in Chicago who wonder whether these Edge Act Banks may not be the thin edge of the wedge and that this is the first sign of an attempt by some banks to broaden their operatic get round the law at t time.

Apart from their banking services many banks have very acti departments, and there stantial amount of trus in the area, some of l by Chicagoans who ha south to Florida to re still keep the bulk money in the city.

The major institutions in Chicago be optimistic about the this year, in marked to their gloom last year year before. On the co exchanges there is some hension that the harv not be quite as good year's, but that is tem the awareness that Russian harvest and American harvest co duce a crop glut tha have a catastrophic e the crop prices, at leas short term.

Apprehensiv

The banks seem to th the recovery is "on tr this year and hope th dent Ford will cont allow it to find its o and resist the tempt reflate as the electio closer. They are less about next year and a sive that the combinat modified boom in al trialised countries coul the savage inflation of three years, particu there is once again a of key raw materials.

Despite these cloud horizon, however, Ch in optimistic mood. As cial centre it may neve New York, but most bankers and brokers w exchange their life Chicago for New Yo with the higher sala New York-based comp finding that they have Chicago-based executiv them to move to M Chicago is, as Americ go, in good shape and cial community shares the general optimism.

Dav

Computer banking faces problems of law

COUNTLESS SCIENCE fictional stories have portrayed futuristic cashless societies based on the everyday use of universal credit cards. While many experts argue convincingly that a true "cashless" society could never be created and that some form of money would always exist, the American banking industry is now closer than ever before to make this once-fanciful dream a reality.

The first hesitant steps towards creating electronic funds transfer systems (EFTS), the computer hearts of this technological fantasy, grew out of the banking industry's near desperate need to simplify and streamline the growing volume of credit and debit transfers.

With the annual volume of cheques in the U.S. now conservatively forecast to more than double from the present 26bn. over the next ten years, the only arguments centred on when the present system would collapse, rather than if it would. Independent studies suggested that the day of reckoning could be postponed a long while even at a modest rate of progress towards EFTS.

From this humble idea, and spurred on by bank competition for an ever-increasing slice of the consumer deposit and loan markets, plans were quickly adapted and expanded to include chains of consumer bank computer terminals (CBCTS) and point-of-sale terminals (POSTS).

In an industry where convenience of location and mass market saturation are the keys to growth, the thought of expanding without incurring all the costs and red tape of opening actual branches was very appealing. In theory, both types of terminals—which would be not unlike the existing cash dispensing machines in appearance—could technically be located any distance from the parent bank's EFTS.

Despite some superficial similarities, the functions of the two types of terminals would be very different. The CBCTS (which are sometimes called automated teller equipment) would be aimed at getting new bank customers by providing virtually all existing bank counter services in locations the bank had not previously covered. By identifying himself through a secret code and a plastic card, a customer would be able to draw cash, deposit funds and even transfer money between accounts.

By way of contrast, the POSTS would all be located in key retailing outlets over any area covered by the bank. Again after identification, a bank customer would be able to purchase goods by instantaneously transferring funds from a current account or credit account to the retailer's account.

Although no-one would pretend that all the technical difficulties of creating this mass of essential electronic hardware have yet been overcome, there is not the main obstacle to continued progress. The only serious problems, almost without exception, arise either from bitter legal challenges or Government red-tape.

Ruling

The whole fuss came to a head just over a year ago when the Comptroller of the Currency, Mr. James Smith, issued a controversial ruling that neither CBCTS nor POSTS were legally bank branches. He argued that the transactions were never completed until the electronic signals had reached the bank's main computer and that this was where the branch was based.

His decision, which effectively said that the national banks could extend their electronic market coverage through existing State branching limitations, caused a terrible fuss under the existing 1927 McFadden Act. National banks are prohibited from branching more widely than State laws permit and in most cases, these laws are so restrictive that out-of-State banks are effectively barred from moving in.

The smaller banks across America, which rely to a large extent on such laws and their geographic isolation to protect themselves from competition; filed countless lawsuits challenging the Comptroller's ruling. Subsequently courts in various different States have handed down different confusing views and the whole matter now seems headed for the Supreme Court.

In the interim, this country's largest banks all seem to have temporarily suspended their different plans. First National City Bank of New York and Continental Illinois of Chicago, two pioneers in the field, are both using their "out-of-State" terminals as cheque guarantee machines. When legal clearance comes, these could be swiftly convered into POSTS and CBCTS.

But while the commercial banks are effectively stymied, the country's savings and loan institutions are hastily going ahead with their own plans. Like the huge retailing concerns, such as Sears and Montgomery Ward with their own small banking vehicles, the aim is to corner as much as possible of the $800bn. consumer deposit market and the $200bn. consumer credit market. In both cases, the present State branching limitations do not apply.

The whole question of electronic banking also raises some thorny regulatory problems which have yet to be settled. Aside from such obvio as to maintain bank sec limit monopolies, it is certain which Federal would have authority composite national netw

In first raising this w troversy, many argue Comptroller was well a he was stepping on d legal ground. The assu that he expects the fina to end up before the Court and, if he fails will ultimately move to gress to repeal and re old McFadden Act.

Jay I

The 25th Soviet Party Congress, which starts in Moscow tomorrow, will pass judgment on the achievements of the last five years and also lay down overall Soviet policy until 1980. David Lascelles reports

Ripples important to the West

FOR MONTHS, the Kremlin has been undergoing its most expensive facelift since the Revolution. Towers have been regilded and the ancient palaces and churches repaired. Even Red Square has been painstakingly repaved, and most of Moscow has received a lick of paint. The scene has been set for the biggest political event in the Soviet Union for five years, the 25th Party Congress which opens to-morrow in the glass and marble Palace of Congresses just inside those famous red brick walls.

Not that the event will be shrouded by the customary shroud of Russian secrecy. Soviet radio and TV will beam most of the proceedings to the world, dozens of speeches will be published in full in the Soviet Press, and the hall will be packed with thousands of delegates from home and abroad.

The star of the occasion will be Mr. Leonid Brezhnev who by lunchtime to-morrow will be well into a speech which could last up to six hours. Later in the week it will be Premier Alexei Kosygin's turn, and so on. Significantly the Russians have not yet said when the Congress will end, but it could go on for 10 days.

Decided

However, the theatricality—tedium even—of the Congress should not be allowed to conceal its importance for both the Russians and the outside world. Little may happen in the way of debate, a forest of hands will greet each resolution, and the election of party officials was decided weeks ago. But for the Kremlin this is a major event. It will pass judgment on the achievements—or lack of them—since the last congress in 1971, and will lay down Soviet policy in all fields up to 1980. If it is any guide, the resolutions of the 1971 Congress were still being quoted last week as the basis for policy.

Most important of all, the Congress will tell us whether Mr. Brezhnev proposes to resign or not.

The Russians lay great store by the simple fact that a Congress is held at all. The Chinese failure to hold a People's Congress for 10 years, and then only in secret, was seen by Moscow as a sign of deep division within the Peking leadership, and probably rightly. But this also means that what Mr. Brezhnev omits to say tomorrow is as important as what he says, because he will only broach matters on which there is complete agreement in the Politburo.

His precise choice of adjective, inflection and sequence will also give clues to deeper Kremlin thinking, and not just for Kremlinologists. The party faithful who live by such things will get the message too, and the whole machine will thus be reprogrammed for the next five years.

And what kind of message will they receive?

Mr. Brezhnev will be out to paint as positive a picture as possible of Soviet achievements. Bearing in mind that he will be going back to 1971 this should not be too difficult. Detente has made great strides in Soviet terms since Mr. Nixon first went to Moscow in 1972; there have been two SALT agreements, and the Helsinki conference; many European problems have been resolved with the normalisation of East-West German relations.

Soviet allies were also victorious in Vietnam and Angola, and it can be claimed with justice that socialism is now more widely established in the world. On the other hand, the Kremlin also faces great difficulties, and it will be important what Mr. Brezhnev makes of these.

Starting with the Russians' repudiation of the Soviet-U.S. trade agreement because of the row over Jewish emigration, the pace of detente, which the last Congress declared to be central to Soviet policy, has slackened noticeably. Mr. Brezhnev does not have a new SALT agreement or any evidence of movement towards disarmament to present to the Congress. And despite Helsinki, the atmosphere in East-West relations is the worst for some time.

A choice

Mr. Brezhnev has a choice. He can ignore the souring and play up Helsinki as a symbol of continuing detente. Or he can admit difficulties, blaming them though on reactionary forces in the West. The second course would prepare the Soviet public for a setback on the detente front and make it easier for the Kremlin to justify a change in policy if things got really bad in the years to come. On the other hand, an admission of trouble on a central aspect of policy would not look good, and Mr. Brezhnev will almost certainly conclude that detente will succeed with greater effort.

There is no doubt that detente will remain high on the priority list despite some recent rumblings in the Soviet Press about the country's ability to survive without the West. Though comments like this reflect the autarky lobby which is always lurking in the background, the cost of pursuing detente is still very small. Since 1971 the Russians have yielded little, either materially or in principle, but have achieved a more accommodating relationship with the West and the satisfaction of a mounting pacifist lobby there. This is even true of the U.S. Congress which, though deeply split over detente, refused aid for anti-Soviet movements in Angola. Furthermore, recent economic disasters make the need for Western technology, and particularly money, more pressing.

What will be revealing is the phraseology in which Mr. Brezhnev couches detente, and the qualifications he appends, if any, for these will become chapter and verse for the rest of the decade.

A greater dilemma poses itself over the Russians' failure to organise a conference of European Communist parties in time for the Congress. Preparations have been going on for nearly two years, and the conference should have been a triumphant follow-on to Helsinki, or a triumphant prelude to the Congress, depending on its timing.

Blocked

But the refusal of many Western parties, as well as Romania and Yugoslavia to accept Moscow's dictates has blocked progress. In fact the growing alliance between the French and Italian Communist parties, along with the FCP's recent decision to drop the hallowed principle of the dictatorship of the proletariat may have scuppered for good the Russians' chances of holding a conference with a meaningful attendance and agenda.

Mr. Brezhnev could always claim that the CPSU was actively pursuing this conference, and ignore the difficulties. But vital as the unity of the Communist movement is to the Kremlin, such an obvious disregard for the true state of affairs would look very weak. On the other hand, Mr. Brezhnev would have to be careful apportioning the blame because the risk of bringing the split into the open—what's more, in the Kremlin, the citadel of Communism. The trouble-making parties will be in the hall prepared, no doubt, to put their point of view if provoked, and this would ruin the Congress.

He will, however, be able to point to growing solidarity within the Soviet bloc, particularly following the recent Warsaw meeting of party secretaries who resolved "to step up the struggle against bourgeois ideologies and propaganda."

China is bound to get a passage on its own, and it will be carefully worded. The current power struggle in Peking, along with tentative signs of progress in Sino-Soviet relations — like the recent exchange of prisoners — demand that all avenues be left open. Ritual condemnation of Maoism could be milder than usual.

Significantly, Mr. Brezhnev made no last minute concessions to achieve policy goals in time for the Congress, either in the communist conference or East-West relations, confounding the Western theory that he was anxious for tangible successes to put to the Congress. This adds to the evidence that his political position is strong, and that the hard-liners are holding their own in the Politburo.

The task of reporting on the economy will be Mr. Kosygin's. Following the harvest disaster and the publication of a Plan with strikingly low growth targets, he is bound to steer a realistic course and point to the failings. But by setting the economy in a broader perspective, he can claim steady growth since the last Congress, higher wages, better supplies, and contrast this with recession and inflation in the West. The Plan, however, is conspicuously bare of new ideas on how to improve efficiency — though it calls strongly for it and it will be up to Mr. Kosygin to say what can be done.

Foreign trade will be a key passage, and his words about trade with the capitalists will complement whatever Mr. Brezhnev says about detente.

After a few days the Congress will go into closed session to elect the members of the Central Committee Secretariat and the Politburo, but the chances of major changes in the leadership look small. Despite the intense speculation surrounding the political and physical health of Mr. Brezhnev, now 69, there have been no concrete signs that he is stepping down. Indeed, his failure to bring some policy objectives to fruition on time for the Congress strengthen the likelihood that he will stay on to achieve them rather than suffer politically because of it.

Mundane

But he may be staying on for more mundane reasons. The Congress is a momentous enough occasion without Mr. Brezhnev stepping down too, and if he has decided to resign, he may do it at a party plenum later on to avoid jolting the system too much.

Plenums are not announced in advance, so there would be no build-up of speculation.

Lower down the hierarchy, some small changes could occur. Mr. Arvid Pelshe, the Politburo's oldest member at 76, may retire. There is also an outside possibility that Mr. Dmitri Polyanski and Mr. Fyoder Kulakov, the two Politburo men responsible for agriculture, will suffer on account of the harvest. But the disaster does not appear to have sparked a witch-hunt and they look safe.

In a curious but revealing ritual, the results of the Politburo elections will be read out, not in alphabetical order but in order of precedence, giving a rare glimpse into the standing of individual members. Even more curious, *Pravda* will reprint the results the following day, but back in alphabetical order, except for Mr. Brezhnev who will top the list above Mr. Yuri Andropov, the KGB chief.

An important consequence of the Congress is that the whole Soviet machine will shake off the paralysis that such a great event always engenders. Decisions that were delayed because of uncertainty over policy, will now be taken. Functionaries who feared the chain of power into which they fitted would be chopped by a reshuffle, will act with new authority.

This revitalisation will flow out into the whole Soviet bloc where governments have been waiting for their cue from Moscow. Eventually, the ripples will reach the West, in the form of more decisive diplomacy and business dealings. Providing the noises emanating from the Congress are the right ones, this can only be a good thing.

Mr. Leonid Brezhnev: his opening-day speech could last six hours and what he chooses to omit will be as important as what he says.

Letters to the Editor

Gifts to heritage

From Mr. C. Prestige.

Sir, — It is to be hoped that the Chancellor of the Exchequer, in framing the next Finance Bill, will enable those who are charitably minded to help the performing arts, especially opera and ballet companies which need subsidy to continue, in a more generous way than is at present possible. I put forward two specific suggestions.

There is already exemption from capital transfer tax without limit for gifts to heritage bodies such as the National Gallery, the British Museum, The National Trust, the National Art Collections Fund and the Friends of the National Library. This list has been lengthened since it was introduced in 1972, for estate duty purposes. There seems no logical reason why opera and ballet companies should not be the recipients of an equal privilege.

Many a potential supporter of the arts may have a substantial income, possibly taxed on its top slice at 98 per cent., but not much in the way of disposable capital. It would be reasonable to allow such a person greater tax relief than is at present available.

It would be logical for approved charities to recover the full (not merely basic) amount of tax payable on a covenanted sum, provided there were suitable safeguards to prevent abuse, such as (a) the concession were limited to covenants in favour of a heritage body or charity representing the performing arts; (b) the donor does not increase his personal net-of-tax income as a result of giving the covenant; and (c) the amount of the covenant did not exceed a stated proportion of the donor's income.

In this way, generosity in one's lifetime will be on a par with gifts made on death. It will have the vital advantage of immediate aid, contrasted with a postponed benefit which might come too late.

C. Prestige.

... Square, ... Lincoln's Inn, W.C.2.

Parliament in Europe

From The Director, Electoral Reform Society

Sir,—Jacques Arnold (February 11) very rightly prefers a "national proportional system" to our present single-member one for electing the European parliament, but just what does he mean by that?

Any proportional system is certainly preferable to any majority system, and any system of election in regional constituencies will be much easier to put into practice (the constituency boundaries will for the most part draw themselves) and will go some way towards meeting the claim of the Scots and the Welsh for their own representation in the EEC. But how are the votes in such a system to be cast and counted?

There are two broad possibilities. One is to require votes to be cast for a party and to give to each party seats in proportion to its votes. That has the advantage of being familiar to six of our eight EEC partners, but it has the grave disadvantage of tending to freeze voting into the pattern of the existing national parties—which may or may not be relevant to European issues. The second alternative is the single transferable vote, giving the voter number candidates in the order of his preference, on party lines or not as he chooses. The great advantage of this from the EEC point of view is that even if the voter does start by voting for whichever of the national parties he normally supports, he cannot do so without picking out one of its several candidates for his "1," and he will be encouraged to make that choice on the basis of the candidates' attitudes to European questions.

Voters will, for example, be able to determine whether the EMPs they elect shall be mainly of the kind that want to hasten towards a true federation or of the kind wanting an "Europe des Patries." European parties could develop across the national lines at any speed the voters may wish. The system is also familiar to several million U.K. citizens who already vote 1, 2, 3 . . . in Northern Ireland or in their professional associations, trade unions, etc.

Enid Lakeman.

6, Chancel Street, Southwark, S.E.1.

CTT and the economy

From Mr. N. Finch

Sir,—As one of the participants in the recent BBC "Man Alive Report" considering the implications of capital transfer tax, I do not think I can let Lord Brown's letter of February 13 go by without some reply.

His unkind remarks on small businesses are quite unfounded and I do not intend to dwell upon them. He agrees however, that when the entrepreneur dies his business will have to be sold to pay the tax, but suggests that only *one third* needs to be sold. This is not a practical solution for who wants one third of a farm or business as an investment? No one other than the state as a payment in lieu of tax. This is now quite obviously the object of the exercise, as we all know it has been recommended by prominent Government Ministers.

In any event the entrepreneur with creative ability will not continue to build up a viable and productive business unit if he is not able to decide its future on his own demise, and knowing that the state will step in and ruin it just as it has all the other industries it nationalises.

CTT is undoubtedly damaging our economy; many letters appeared in the columns of your paper and numerous organisations made submissions to the Chancellor before its introduction. Most were ignored, and the forecast of widespread unemployment, recession and lack of capital investment are now well and truly with us. The Government obviously does not want to listen, yet it bemoans the lack of improvement in our economy. Erosion of capital by CTT removes security, confidence and collateral to enable borrowings for expansion.

Lord Brown continues with the present political clap-trap about even distribution of wealth. If inflation were controlled and income tax levels reduced to encourage workers particularly young men to save, this would enable more to start out in business themselves thus creating more wealth in more places, surely a better way of distributing it.

As regards the balance of the programme, those of us who took part would have loved to have had Joel Barnet present throughout. It was not our fault nor the BBC's that he was not there; we had little opportunity to put our problems to him or to refute his suggestion that you can make provision if you do it early enough.

The programme is produced for the mass of the population and as such I believe gave a fair view of the tax and its anomalies as seen by the general public, and confirmed by comments which I have received.

Nigel Finch.

Woodlands Farm, Chedworth, Cheltenham, Glos.

Where is the difference?

From Mr. R. Eve.

Sir,—Yet again we have the crocodile tears of interested parties decrying the iniquities of capital transfer tax which has as its purpose the payment of tax.

Why should the owners of a business be given more favourable treatment than any other citizen? Of course, it is sad when a business's ownership is affected by a death, but private fortunes are equally depredated by the demands of taxation. There too it is frequently necessary to realise treasured assets in order to meet the tax bill—so where is the difference?

R. A. Eve.

Aldersmead, Shepherds Hill, Merstham, Surrey.

Increase the wealth

From The Chairman, The Legislation Committee, Association of Independent Businesses

Sir,—I found Lord Brown's apology (February 13) for the effects of capital transfer tax on smaller businesses neither convincing nor original.

Of course one cannot deny that some smaller businesses are bad. They can, however, be forced to choose between improvement and extinction by the operation of the market or by the operation of legislation like the Factories Acts, whichever is appropriate. To justify a blunt fiscal instrument like CTT, which hits indiscriminately at the good and the bad (indeed hits the good harder), because a few businesses are "nasty in many respects" is unintelligent.

Again I agree that it is possible in some businesses, though only a small proportion, for the shareholders to sell a third of their shares to, say, ICFC to pay CTT. Taking in an outside shareholder should be a decision reached deliberately on business grounds, not one forced on fiscal grounds irrespective of any other circumstances. In any case, even though control may be retained after one CTT payment (as in Lord Brown's example), that control will last only until a second payment has to be made, if that also is of one third of the (remaining) value.

Going beyond the effects on smaller businesses particularly, Lord Brown implied that he and numerous others believed that CTT would prevent the perpetuation of the current distribution of wealth. Like most people, I should like the trend of ever wider distribution of wealth to continue. I cannot see how the state's confiscation of privately held wealth can do anything but reduce the total amount in private hands, with the probable result that that remaining will be held by fewer and fewer people. In short, CTT will increase and not reduce the concentration of privately-held wealth, while it will allow to the state an ever more dominant role in our affairs. Lord Brown and his friends delude themselves if they really believe that this is what the majority of people in this country want.

If permanent redistribution of wealth *among the people* is to be achieved, then it will be done as it has been done in the past, by increasing the total amount of wealth in the country. The main instruments for this will be the country's small and medium-sized businesses, but they will not carry out their proper function if their assets are continually stripped by confiscatory taxes on capital.

Colin Dauris,

Europe House, World Trade Centre, E.1.

Correct to concentrate

From Mr. G. Prescott.

Sir,—Full of indignation, Lord Brown sat down and wrote to you (February 13) about the BBC's biased treatment of the subject of capital transfer tax. Upset also by Mr. Joel Barnet's poor showing as advocate for the defence of CTT, he further criticised the programme for the "interrupted" opportunities which the Chief Secretary to the Treasury was given to reply. Who could have been better qualified? Nobody can pretend that the BBC was responsible for Mr. Barnet's only standard reply to all criticisms, namely, that no CTT is immediately payable on death in respect of the property which passes to a surviving spouse. This is admittedly an improvement on the previous estate duty position in that it delays the incidence of the tax.

I did not infer, as he did, that "all small businesses were benevolent, worthy and had excellent employee relations" or that necessarily "large companies failed in these respects," but rather that the employees who were interviewed on the programme preferred to work in the more personal and individual atmosphere which they enjoyed and which they felt to be more incompatible with employment in a large organisation.

Lord Brown cannot pretend either that the sale of a third of a private business to Industrial and Commercial Finance Corporation is the universal panacea for the small business owner. Even assuming that the ICFC could fulfil this role in every case, and that a value acceptable to both parties could be agreed, the proceeds from the sale of a third of the equity would not cover the CTT payable on the whole value of the enterprise, calculated at a rate higher than 33⅓ per cent. Conveniently, neither did Lord Brown make any references in his letter to the position of the owner farmer whose difficulties were made all too obvious. Finally, I do not accept Lord Brown's implication that it is immoral to strive to pass on wealth to one's children.

While I consider that Lord Brown's letter is not strictly fair, what is most worrying is that he should say "This type of unbalanced programme should not be permitted." Is he advocating censorship?

The BBC could not possibly have covered the whole subject of CTT in one short programme and it was surely therefore correct to concentrate on one of its more controversial aspects.

G. A. Prescott.

Gatehouse Cottage, Lock, Partridge Green, Sussex.

Funding for R and D

From Mr. W. Faville

Sir,—While agreeing wholeheartedly with the current proposals to redirect Government aid for research and development (February 11), I would like to exercise a note of caution.

The capacity for research, outside the big four industries (aviation, nuclear, space and computers) is limited and any sudden increase in funding could divert the efforts of research managers into seeking Government funds rather than doing worthwhile work for industry. Any increase in funding should be accompanied by strengthening of the research associations and in particular by improving them from the top down rather than just adding staff to the research side.

The danger of plentiful funds for research projects can be seen in the large amounts handed out by the EEC. I believe that their 60 per cent. funding of research, funded by industrial levies, can lead to excess.

Warwick Faville.

48 Aboyne Road, Wimbledon, S.W.-9.

Handling at Heathrow

From The Chairman, Chuffing Alloys.

Sir,—Mr. Pantlin's letter (February 19) will doubtless strike a chord in the heart of all businessmen in a hurry. Whether the authorities at Heathrow will be equally affected is—on past experience—highly doubtful.

So, rather than wait for improvements to baggage handling, why not try eliminating such handling as far as possible. Most businessmen travel light—say one small suitcase plus briefcase. If only European airlines provided racks for such carry-on baggage, the problem would largely disappear. Racks containing carry-on luggage could be kept locked during flight.

As to security checks, the present searches are pathetically ineffectual in any case, while "the authorities" at Heathrow have obviously never heard of the electronic scanners already in use at virtually all other major airports. Incidentally, the cost of installing electronic equipment must surely be vastly cheaper than the existing armies of "security" personnel, quite apart from this greater convenience to passengers.

Peter H. Tray.

Victoria House, Southampton Row, W.C.1.

Labour and capital

From Mr. M. Greener.

Sir,—Mr. Green, of Indemnity Guarantee Trust, states (February 17) that he "would be glad to join in such a campaign" regarding the anachronistic and utterly absurd distinction between labour and capital in industrial affairs, a campaign that he quotes Mr. Wilson as implicitly supporting in a recent remark that "every man's wage rise means every man's price rise."

It is rather difficult to see how such a quotation can be used to bolster Mr. Green's admirable, if hopeless, cause because the very word "wage" itself, as opposed to "income" or "pay," represents an unequivocal acceptance of the ever-present officer and men attitude within industry, an attitude that both Mr. Green and the many who share his sentiments so eagerly seek to abolish in the interests of a sane and stable economy.

Michael Greener.

9 Romilly Park, Barry, Glam.

To-day's Events

GENERAL

NUR executive committee meets to discuss proposed British Rail fare rises and service cuts.

Mr. Michael Foot, M.P., Secretary for Employment, speaks at national conference on employment protection, Hilton Hotel.

Mr. Jeremy Thorpe MP, leader of the Liberal party, visits Coventry ahead of by-election.

Lord Denning, Master of the Rolls, addresses the Insurance Institute of London on "The Attitude of the Law to Insurance," 20, Aldermanbury, EC2.

Sir Lindsay Ring, Lord Mayor of London, attends dinner with the Apostolic Delegate to Great Britain, Archbishop B. B. Heim, Parkside, SW19.

PARLIAMENTARY BUSINESS

House of Commons: Local Government (Miscellaneous Provisions) Bill, second reading. Motion on EEC documents on nuclear safety.

COMPANY RESULTS

Hoover (full year).

COMPANY MEETINGS

See Week's Financial Diary on Page 25.

OPERA

D'Oyly Carte Opera in The Gondoliers, Sadler's Wells Theatre, EC1, 7.30 p.m.

MUSIC

Felicity Lott (soprano) and Graham Johnson (piano) perform Schubert, Poulenc, Roussel and Wolf, Purcell Room, SE1, 8 p.m.

SPORT

Tennis: European Nations Cup, Britain v Italy, Nottingham.

COMPANY NEWS

BOC stepping up investment programme

AFTER A fall-off in recent months, the capital investment programme of BOC International will increase during 1976, the directors state in their annual report.

The investment will be primarily to meet market growth in the industrial gas business, improve productivity of the engineering activities, and develop the growth segments such as medical equipment, off-shore services and chemicals.

The new investment will be more or less equally split between U.K and overseas. Funds for overseas financing will come from retained earnings or overseas borrowings; while in the U.K. they will come from retained earnings and part of the proceeds of the rights issue last June.

At September 30, 1975, borrowings represented 38 per cent. of total capital employed, compared with 45 per cent. 12 months earlier. Demand is expected to grow and borrowings to increase during the latter part of the year.

However, the directors are satisfied that borrowing and gearing will be "reasonable" and that, bearing in mind arrangements with bankers, the group has adequate capital for its foreseeable needs in 1976.

Commitments in the accounts are shown at £28.95m., including £5.44m. in respect of orders placed. Borrowings had been reduced to £170m. and there were cash deposits of £10m.

Turning to the year ended Sept. 30, 1975, the directors report that in spite of generally adverse conditions group sales were 22 per cent. higher in money terms, an increase which represented maintained sales in real terms.

As reported on Dec. 18 sales came to £490.9m. (£403.42m.) and profits before tax were £47.41m. (£34.63m.). The dividend is 2.418p (2.216p).

Adjusting for inflation on a CPP basis, results show little difference from the historic basis because the elimination from profit of stock appreciation and the higher charge needed to depreciate inflated assets are offset by the advantage of gearing—the benefit from repaying borrowed money in depreciated £s.

A preliminary unaudited estimate of the effect of the Sandilands proposals (which the directors welcome in principle) shows that trading profit would be reduced by some £24m. to £45m. Increased depreciation accounts for £11m. of the difference and the remaining £13m. represents cost of sales adjustments. Figures exclude any effect on associate companies.

In the past the group's U.K. tax liability has been offset by overseas credits and other allowances, but with increasing U.K. profitability the situation is now marginal and the group may soon pay U.K. tax. However, it is unlikely to be payable at the full rate for some years due to the available ACT credits.

Meeting, 21, Tothill St., SW, March 16 at 11.30 a.m.

See also page 24 and Lex

HIGHLIGHTS

Lex discusses BOC International's capital spending programme and its borrowing trends but, that report apart, the week-end post bag is again very thin. However, the current week's list of company announcements is well stocked with leading companies. Final figures are due to-day from Hoover and to-morrow from National Westminster Bank and Spirella. On Wednesday BOC is back in the news, this time with its first quarter figures, while Johnson Matthey is producing its half-time statement. At the end of the week preliminary results are scheduled from both Midland Bank and F. W. Woolworth.

Downturn in Kodak earnings

SALES by the Kodak group reached £143.78m. in 1975, up 11.9 per cent. on 1974, with exports from the U.K. rising by 12.5 per cent. to a record £44.68m.

However, price increases were responsible for the rise in value of total sales. The volume sold—"the real measure of our performance"—fell below that for 1974, reports the chairman, Mr. J. Moorfoot.

Earnings before tax fell by 25.2 per cent. from £24.49m. to £18.33m., representing a further deterioration in margins which "could in no way be counterbalanced by price increases," he adds.

Net earnings were down from £11.14m. to £8.96m. and net attributable earnings at £8.83m. decreased by 20 per cent. on 1974. Dividends absorbed £6.6m. (£8.4m.) and £2.23m. was retained.

Home sales were adversely affected by the depressed state of the market, and by other factors such as the 25 per cent. VAT rate on cameras, equipment and services.

These problems exacerbated the already serious under-utilisation of capacity of specific areas at Stevenage, Kirkby and colour processing resulting in the decision to run down all three plants.

Mr. Moorfoot described the capital expenditure budget of about £10m. for 1976—investment in new facilities in 1975 totalled £8.76m. — as "providing the firmest possible indication of Kodak's determination to look beyond immediate problems and build for the future."

Looking ahead, Mr. Moorfoot says that "We are shaping up to a future of opportunities which can be very substantial if we can demonstrate the competitive efficiency for which we are striving."

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:—Anglo-Continental Investment and Finance, Argyle Securities, Footwear Industry Investments, Worth (Bond).

Finals:—Anglo-Welsh Investment Trust (Continuation), Drayton Commercial Investment, Hoover, J. and L. Randall, St. Andrew Trust.

FUTURE DATES

Interims:—	
Chambers and Fargus	Mar 11
Leisure and General	Mar. 1
Shaw Carpets	Feb. 27
Thames Plywood Manufacturers	Feb. 26
Finals:—	
London City and Westcliff Props.	Feb. 24
Madame Tussaud's	Feb. 26
Unilever Limited	Mar. 2
Unilever N.V.	Mar. 2

API current outlook not good

THE OUTLOOK of Associated Paper Industries for the immediate future is not good, says the chairman, Mr. K. L. Young, but he assures members that the directors remain certain that the group's long-term prospects are favourable.

As reported on January 29, API suffered a £1.3m. drop in pre-tax profit to £0.69m. in the year to September 27, 1975. Stated basic earnings per 25p share were 4.2p (11.3p) and fully diluted 3.7p (8.9p). Total dividend is 2.6p (2.034p) net.

On a CPP basis, taxable profit is £810,000 lower at £77,000 (£1.87m.) while there is a deficit per share of 3.2p (earnings 6.3p) and fully diluted 1.6p (earnings 5.4p).

Shareholders' funds at September 27, 1975, rose to £9.25m. (£9.35m. at September 28, 1974) from the historical basis of £5.7m. (£5.28m.).

Earlier this year, API closed one of its papermaking subsidiaries, Edward Collins and Sons of Glasgow, following "a thorough examination of the present and future market prospects of the products of this mill."

Mr. Young says that in the past five years strenuous efforts had been made to establish Edward Collins in new markets, but it is now clear, with inflation having taken its toll, that the mill cannot be viable.

The papermaking division was responsible for a large proportion of the group's profit shortfall. This division contributed only £21,317 (£920,829) while the converting side contributed £665,974 (£1.06m.).

Meeting, Great Eastern Hotel, E.C., on March 17 at 12.30 p.m.

Alexanders Discount cautious

ALTHOUGH 1976 has started "auspiciously" for Alexanders Discount with the planned expansion of its computer facilities, the chairman, Mr. John Glyn, says that with the continuing uncertain conditions, it is too early to make a reliable forecast for the year as a whole.

Expansion of computer facilities will help the company to cope with any substantially increased volume of turnover, Mr. Glyn tells members. Similarly, its increased resources will enable the company to finance and hold a larger portfolio when this is desirable.

As reported on January 20, net profits for 1975 were £946,137 (£1.02m.) and the total dividend is 11.666p net (10.92937p) per £1 share.

During the year varying conditions made it necessary to follow a flexible policy, explains the chairman. But the directors deliberately maintained the private sector business at the maximum level throughout in the belief that such a policy would stand it in good stead when the economy started to recover.

The two significant changes were the growth in Treasury Bills and the move back into British Government and Local Authority bonds.

At the year end, British Government and Northern Ireland Government Treasury Bills stood at £181m. (£147m.), commercial and Local Authority bills £221m. (£223m.), quoted Local Authority securities £15m. (nil) and quoted British Government securities £5m. (nil).

Deposits, other liabilities and contingency account at December 31 stood at £26m. compared with £24m.

Commercial Union Assurance holds 12.3 per cent. of the Preferred capital, London and Manchester Assurance 10.5 per cent. and Miss Gladys Wrigley 11.4 per cent.

Meeting, Lombard Street, EC, March 15.

Mr. Leslie Smith, chairman of BOC.

A. G. Barr plans for expansion

BECAUSE of the improved position of the group as a result of last summer's trading, the directors of A. G. Barr and Co., makers of soft drinks including Tizer, are commencing work in the spring of this year on development projects expected to cost about £600,000, exclusive of building grants.

Chairman Mr. R. Barr recalls in his annual statement that due to the uncertain economic circumstances, capital expenditure in the year to October 25, 1975 was limited to normal replacement.

He now reports that a start will be made on the next stage of the redevelopment of the Glasgow site and on a further substantial development at Atherton which will particularly benefit production areas in respect of both bottles and cans.

And, although no major capital expenditure will currently be required, Mr. Barr says it is also intended to commence production of returnable bottles at the Newcastle premises in the spring of this year, in order to supplement manufacturing facilities at Sunderland which are now inadequate to service properly the growing business in the North-East of England.

On prospects, the chairman says the value of sales to date in the current year shows a satisfactory increase but this is largely due to the continuing effect of increases in prices in the spring of 1975. The currently depressed economic situation in the U.K. and the large price increases introduced last year make advances in sales volume "very hard" to achieve, he adds.

Mr. Barr continues—"It would be unrealistic to be too optimistic about the future prospects for the soft drinks industry and our own company in particular while the level of inflation continues in the U.K. at recently recorded rates and the Government continues as part of its strategy against this inflation to impose artificial controls on movements in prices."

The reduction enjoyed in the price of sugar during the summer and autumn of 1975 has been eroded by increases in almost all costs, but the chairman is hopeful that any necessary price increases which the company implements this year will be more modest than required in the early part of last year and "will not be too great a deterrent to the purchasing habits of the public."

The charge for interest should show a reduction in line with the decrease in overdrafts, but planned expenditure on buildings will shortly begin to have an effect on the cash position, he points out.

As known, largely due to the exceptional summer, pre-tax profits recovered from £260,000 to a record £1,131,000 in 1974-75 and the net dividend is lifted from 4.8234p to 5.2597p per 25p share.

Meeting, Glasgow, March 8 at 11 a.m.

news summary. The value was inadvertently given as 16p in the accompanying text.

Peak bonus by Standard Life

The Standard Life Assurance Company, one of the largest mutual life companies in the U.K., has raised its reversionary bonus rate to its highest ever level. It is now £3.75 per cent. per annum of the basic sum assured and £5 per cent. per annum of attaching bonuses. The previous year's rates were £3.65 per cent. and £5 per cent. respectively.

The bonus rate for both with profit personal pension policies and pure endowment contracts is lifted to £4.25 per cent. per annum compound from £3.75 per cent.

The company has also increased its special claims bonus rates, which are payable on maturities or death claims. This is related to the sum assured and attaching bonuses and rates vary from 2.5 per cent. for policies effected in the year ending November 13, 1966, to 47.5 per cent. for policies issued on or before November 13, 1930.

This increase more or less restores the cuts made last year. For example, the value of a 25-year contract for a basic sum assured maturing in 1974 was £2,742, and this dropped to £2,583 for contracts maturing in 1975 and will now be £2,737 for policies maturing this year.

TELEFUSION

Telefusion is establishing a new division within its subsidiary in Brussels to co-ordinate the European and international sales of its cable communications equipment.

FT Share Information Service

The following securities have been added to the Share Information Service:—

Benn Bros. (Section: Newspapers); Norton Simon (Section: Americans).

Babcock forms new group

Babcock and Wilcox announces the formation of a new group to take in all its electrical engineering and process control interests in the U.K. and the U.S. The Electrical Engineering Group is expected in its first year of operation to have a turnover of approximately £35m.

The new group is made up of all those companies formerly in the Electrical Engineering Division of the General Engineering Group and includes Whipp and Bourne (1975) bought by Babcock last year.

To these have been added the operations and related subsidiaries forming the Process Control Group within American Chain and Cable, the U.S. company for which Babcock made a successful offer in January.

HAMPTON—ASSAM CONSOLIDATED

The Hampton Trust share exchange offer for Assam Consolidated is worth 31½p per share, as shown in the tabulation included in Saturday's weekly

British Aluminium cuts London HQ. in dispersal plan

BY RHYS DAVID

BRITISH ALUMINIUM is to decentralise the bulk of its administration from central London when it moves out of its present headquarters in St. James's Square this autumn.

The moves will mean responsibility for primary aluminium smelting operations at BACO's main Invergordon works and two smaller Highland smelters being transferred to new divisional offices being completed in Inverness.

Other group functions are being transferred to Chalfont Park, Gerards Cross, Bucks., and Twickenham, with the company proposing to maintain only certain key head office responsibilities at smaller central London premises it has acquired at Grafton St.

Central London staff will be reduced from 210 to 78 under the re-organisation, which is aimed at cutting costs, and a total of 34 jobs will be lost either through natural wastage or redundancy.

New block

The move from Norfolk House, in St. James's Square—Eisenhower's wartime London headquarters from which the Allied invasion of Europe was planned—follows a £3m. deal in 1973 under which BACO sold part of the lease and agreed to relinquish the remaining part to the owners, U.K. Provident Institution, before full expiry in 1977, if required.

The transfer to Chalfont Park involves the company's ch[…] division, production […] purchases and supplies.

Finance, building prod[…] cladding, building syste[…] the company's Magnesu[…] tron division will move t[…] block in Twickenham – […] House—where they will b[…] by the rolled and extru[…] ducts divisions, now lo[…] another building in Twic[…]

The new London prem[…] be the headquarters for t[…] agement committee, th[…] tarial, personnel and […] cial departments, and for […] part of the finance dep[…]

Mack sales and profits […]

Record turnover and […] profits are reported by […] tural produce distribut[…] Organisation for the half […] weeks) ended October 31.

Sales were up from £7[…] £9.37m., and profits be[…] were £88,841 compared t[…] in the same period previ[…]

The chairman, Mr. M. M[…] the outlook is certainly d[…] but he is confident the gr[…] hold its own and progress […] towards the goals of i[…] profitability and expansio[…]

Trading conditions for […] year were as difficult […] industry has ever known, […] chairman. But by "[…] management action," co[…] been successfully c[…] wherever possible.

هكذا أصل الأصل

Pending dividends timetable

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

[illegible]

Local Authority Investments

[illegible]

Public Works Loan Board rates

Effective from February 14, 1976

[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

INTERNATIONAL COMPANY NEWS

Aramco takeover deal agreed

DHARAN, Feb. 22.

SAUDI ARABIA and four major U.S. oil companies have reached basic agreement on the complete takeover of the Arabian American Oil Company (Aramco), the world's largest oil-producing company.

The Saudi Arabian Oil Minister, Sheikh Ahmed Zaki Yamani, said in an interview that although there were still a few minor points to be worked out, it had been agreed that the takover date would be retroactive to January 1, 1976.

The takeover date was confirmed here in another interview with the chairman of the Board of Aramco, Mr. Frank Jungers, who is also the company's chief executive officer. He added that the final agreement would also include a guarantee of prices and availability of Saudi oil for the four U.S. companies, as well as a cash value settlement. He declined to elaborate.

In addition to Aramco's producing oil fields, the takeover will include Ras Tanura, one of the world's four largest oil refineries, with a capacity of 500,000 barrels a day, and Aramco's multi-million-dollar liquefied petroleum gas facilities.

The Saudi takeover follows the full takeover last December of the Kuwait Oil Company (KOC) by neighbouring Kuwait. KOC was previously jointly owned by British Petroleum and Gulf Oil.

Aramco was previously totally owned by Standard Oil of California, Exxon, Texaco and Mobil. In 1973 as the Arab oil-producing countries began flexing their growing political muscles, Saudi Arabia acquired 25 per cent. of Aramco. A year later it raised its share to 60 per cent.

In discussing the takeover, Sheikh Yamani said: "We need one meeting to finalise all pending issues. Then we will write the agreement in its final form."

Although he did not say so, he gave the impression he expected the agreement to be signed in the next month or two. "We are in no hurry," he said. "We have been busy with other things."

Sheikh Yamani was in London early last December for talks with the four U.S. companies.

As the world's largest oil-producing company, Aramco's current output is 8.59m. barrels a day. It has the capacity to produce 12m. The current production represents some 97 per cent. of Saudi Arabia's total production and makes it the third-largest oil-producing country in the world after the Soviet Union and the U.S.

AP-DJ

Ciba-Geigy plans to hold dividend

BY JOHN WICKS

ZURICH, Feb. 22.

DESPITE what is called a great reduction in group operating profits for 1975, the Swiss-based chemical concern Ciba-Geigy is to recommend payment for the year of an unchanged dividend of Sw.Frs.22 per share and participation certificate. In a letter to shareholders, the parent company's Board says that, having regard to the stable dividend policy followed over many years, "as a result of which the rate of dividend, unlike wages and salaries," was not increased in response to business growth and inflation," the Board is unwilling to recommend a departure from this policy at the first reverse.

However, the proposal to be made to the May 18 annual general meeting for the appropriation of profits will embody a reduction in the sum intended for directors' percentages.

Profits, no level for which is yet given, suffered last year from the high value of the Swiss francs, together with rising production and wage costs, especially outside Switzerland, and the fall in demand due to world-wide recession.

Group sales were down by 3 per cent. in 1975 to Sw.Frs.9.04bn (9.34bn.), although they would have risen by 10 per cent. had foreign exchange parities remained unaltered. A breakdown now published by the company shows that the 3 per cent. decline in Swiss franc terms was due to a 21 per cent. drop to Sw.Frs.1.38bn. (1.74bn.) in the sales of plastics and additives and one of 12 per cent., to Sw.Frs.1.85bn. (2.12bn.) in those of dyestuffs and chemicals.

Elsewhere, group turnover rose by 4 per cent., to Sw.Frs.2.56bn. (2.47bn.) for pharmaceuticals, by 5 per cent., to Sw.Frs.480m. (450m.) for the Ilford group and the Gretag subsidiary operation and by 7 per cent. to Sw.Frs.2.39bn. (2.24bn.) for the agro-chemicals sector, with a sharp rise of 17 per cent. to Sw.Frs.380m. (320m.) recorded by the Airwick group.

Sony expects rise in sales, earnings

Sony Corp. sales will be up 9 per cent. and earnings will increase by at least 10 per cent. during the fiscal first quarter ended January 30, chairman Akio Morita told security analysts in New York.

He said that Sony is optimistic that earnings for the year as a whole will show important gains over fiscal 1975 and that "Sony will be back on the track of annual sales and earnings gains."

In fiscal 1975 ended October 31, Sony reported sales of $1.34bn. and net income of $53.3m. or 25 cents per American depository receipt (ADR).

Continental loss allowance

CONTINENTAL Mortgage Investors said that it was increasing its allowance for losses by $9.4m. to $120m. as of December 31.

Gillette estimate

BOSTON, Feb. 22.

GILLETTE Company said that its preliminary 1975 earnings were $2.69 a share on sales of $1.4bn. compared with $2.95 a share on sales of $1.25bn. in 1974.

The company said that the 1975 earnings reflect an estimated 10 cents a share gain due to the adoption of the new accounting standards for foreign currency translation.

Nylex recovery

NYLEX Corporation, the major Australian plastics, synthetic fabrics and cables group, incurred a trading loss of $A1.6m. for 1975, despite a strong recovery in the second half year. James Forth reports from Sydney. The company declared a net loss of $A281,000, but this is after crediting a future tax benefit of $A1.27m. because of tax effect accounting.

World Economic Indicators

RETAIL PRICE INDICES

	Jan. '76	Dec. '75	Nov. '75	Jan. '75	Change on year earlier %	Index base
U.K.	147.9	146.0	144.2	119.9	23.4	1974=100
U.S.A.	166.7	166.3	165.6	156.1	6.8	1967=100
Italy	181.5	179.2	177.8	163.2	11.2	1970=100
W. Germany	136.7	135.7	135.4	131.1	4.3	1970=100
Belgium	151.3	150.0	149.2	136.6	10.9	1971=100
	Dec. '75	Nov. '75	Oct. '75	Dec. '75		
Japan	177.2	177.3	178.5	164.7	7.5	1970=100
Holland	162.3	162.0	161.6	148.7	9.1	1969=100
France	158.2	157.3	156.3	144.3	9.6	1970=100

MINING NOTEBOOK

Why Lang Hancock wants a dip in Robe River

BY LODESTAR

AUSTRALIA is alive with fascinating mining situations. None more so than that touched off by Lang Hancock's attempt to bail property developer and noted yachtsman Alan Bond out of the financial problems that seem to have arisen from his acquisition of a controlling 43.3 per cent. stake in the Robe River company from the liquidator of the ill-fated Mineral Securities.

Robe River has a 35 per cent. slice of the big iron ore operation of the same name in Western Australia's iron-rich Pilbara district. One that is run by America's Cleveland-Cliffs with 30 per cent. shared as to 10.5 per cent. with Texasgulf. The other partners are Japan's Mitsui with 30 per cent., and the Garrick Agnew interests with 5 per cent.

It looks as though Hancock is going to have quite a battle to take over control of the Robe River company, especially now that the Sydney Stock Exchange is raising objections of the kind that will be anathema to one of the mining industry's greatest private entrepreneurs and who thus ranks along with some others I could name as an opponent of what they describe—quite rightly in many cases—as the dead hand of bureaucracy on mining enterprise.

From the mining viewpoint, one that affects the fortunes of many others who are involved in the Pilbara iron ore mining scene, the No. 1 question is why Hancock should want to enter this particular tournament. After all, he can sit back and grow fat on his Hamersley royalties.

The answer probably goes back to the days when, with his partner Peter Wright, he was set on the idea of obtaining what most entrepreneurs eventually want, a publicly quoted vehicle. The Hanwright Minerals flotation, which was to provide this in 1971, failed to get off the ground. One reason was the partnership's lost battle with the State Government over ownership of the iron ore reserves of the Angelas.

The Angelas

These reserves were subsequently granted by the State to the Robe River operation in order to extend the project's life into the next century. So, in moving into the Robe River company, Hancock will have the satisfaction of getting his finger back into the Angelas pie from which it had been previously forced out by a State government with which, of whatever hue, he has always been at war. "Very sweet" was his comment.

The most important factor, however, is that Hancock obviously believes that the Robe River deal will further his prime objective of getting into production the big Marandoo iron ore project, one that he reckons bigger in tonnage than the original RTZ group find at Mt Tom Price, and one in which Robe River partner Texasgulf has a 50 per cent. stake.

This is underlined by his intention to put his 23 per cent. share of Mirandoo into the Robe River company, as well as a third of the cash flow from his Hamersley royalties—"inflation-proof," owing to their non-cost factor, Hancock claims.

Naturally the proposed deal has aroused considerable criticism in Australia—what Hancock deal has not—quite apart from the problem of getting round the stock exchange claim that a comparable offer should be made to the non-Bond holders in Robe River unless there are "special circumstances", to show otherwise.

No doubt Mr. Bond will have little difficulty in proving that this is indeed the case, and he will possibly also argue that the only other bidder for what may well be a "forced" sale is from overseas.

In the wings

There is no doubt about one thing. The other big companies involved in the Pilbara iron ore scene will be watching the Bond-Hancock imbroglio with something akin to bated breath. The competition for Japanese and European export contracts is fierce enough already. The entry of Marandoo into the fray would hardly be welcome. So here is a situation which is worth watching by shareholders in such major groups as Rio Tinto-Zinc, Consolidated Gold Fields, Amax, Selection Trust and Broken Hill Proprietary.

Indeed, Broken Hill is particularly involved. It has already done a deal with the Robe River consortium by which the bringing into production of BHP's Deepdale deposits means a substantial payment to the consortium for use of its railway to Cape Lambert, a deal which should advance the day when the Robe River company can pay a dividend.

Hancock's heart is set on a new port at Ronsard and the construction thereto of his famous "downhill" railway from Marandoo which, it is claimed, would be essential if Robe's new Angela deposit, 180 miles away from the existing Robe railway, is to be transported to the coast. The whole situation is intriguing indeed.

It is rendered even more so, friends in Perth report, by Lang Hancock's determination that his daughter Gina should figure prominently as a family spokeswoman.

African verdict

Or should it be spokesperson? This, I understand, led to a late start to one press conference owing to the feeding needs of Lang's recently born grandson. I have met worse excuses for delay at such events! In London, Robe River shares are 85p. Holders' approval of the Bond-Hancock deal will have to be sought, as well as that of Mr. Jamison, the Minsec liquidator.

On Saturday our Mining Editor discussed the effects of the Angolan situation on shares with an African flavour. Stockbrokers James Capel have carried out a similar exercise. Their conclusion is that if the belief grows that the ideological threat in southern Africa can be contained, then shares could change direction extremely quickly after their recent collapse.

Optimists, they say, should therefore set themselves buying limits, and fulfil them on days when everyone else is pessimistic. Their particular choice is De Beers, especially for non-premium payers. Friday's cum-premium price was 270p, against 316p at the beginning of the month.

It might be added that if the Angolan situation does cool, the renewed strength of Wall Street could once again become a dominant factor in the market for De Beers.

* * *

The 50th edition of the Financial Post's Survey of Mines has just reached me from Toronto. Its 286 pages, plus 32 pages of maps, cover a mass of statistics about the third-biggest mining industry in the world. Only the U.S. and Russia rank ahead of Canada. Mining's importance as an export earner makes it incredible to an outside observer that the Canadian Government, both federal and provincial, should be adopting fiscal policies aimed at stunting the industry's growth instead of encouraging it. Fortunately, as has been noted here, there have been recent signs of more enlightened tax treatment.

The survey has three company sections—one for the "big boys"; one for the not so big; and one for the small concerns, including those whose "status is in doubt." Canada can still provide share market money-makers, as typified recently by Northgate Exploration and Westfield Minerals, in both of which there is considerable interest on this side of the Atlantic. The survey, price $13, is obtainable from the Financial Post, 481, University Avenue, Toronto, M5W 1A7.

* * *

Substantial price rises are recommended by a commission of inquiry into South African coal resources. One of the objectives is to stimulate investment in the industry. This should be good news for the new Anglo-American giant, Amcoal, which has already forecast a 1976 dividend of 38 cents (21.75p) against 28½ cents for 1975. Friday's price was 415p.

INSURANCE

Do you need a licence?

BY OUR INSURANCE CORRESPONDENT

RESTING ON my desk this week is a booklet inquiring "Do you need a Licence?". Not, I should hasten to add, a licence for car, television or even dog, but a licence under the Consumer Credit Act 1974. The booklet comes from the Office of Fair Trading whose director is responsible for the full implementation of the Act.

The Act applies to agreements which involve the granting of credit of up to £5,000, to the individual consumer but not to commercial organisations or limited companies. Credit agreements with only two or three repayments are outside the Act—for the Act to apply, the number of repayments must be four or more. Another yardstick for the application of the Act lies in the rate of interest, though this rate has yet to be fixed. Whether eventually the OFT fixes on ten per cent., one per cent. below the Bank of England lending rate, or on some other percentage, only agreements on which the borrower pays more than the statutory rate will be within the Act.

The Act, and therefore the OFT, is of course concerned primarily with the regulation of credit provided by banks and finance houses: but it affects the insurance market as well, both insurers and intermediaries, because many insurers sell cover against instalment premiums while brokers and agents arrange instalment contracts for their clients. The great majority of such instalment contracts are within Part 2 of the Act.

This means that the licensing provisions of Part 3 of the Act apply and so, eventually, anyone offering consumer credit or arranging consumer credit must have a licence: which brings us straight back to the OFT's booklet which all intermediaries should read by way of a quick introduction to the relevant sections of the Act.

To help towards a quick answer to the OFT's question it is worth mentioning that Lloyd's Insurance Brokers Association has already done its homework.

It recommends that members must be licensed. What is good for LIBA must be good for almost all other brokers and intermediaries as well.

There are three categories of licence with which insurers and their intermediaries may be concerned from the point of view of insurance operations—consumer credit business, consumer hire business and credit brokerage. The OFT booklet explains in simple language what these categories mean and it seems reasonably clear that most insurance intermediaries will need a credit brokerage licence, although some, depending upon the nature of their operations, may need a licence covering one or both of the other categories as well.

OFT reckons that some 100,000 licences will have to be issued. To cope with the volume of applications and the issue of the licences, licensing will be introduced in three stages. The dates from which licences must be held are August 3, 1976, for consumer credit business, April 1, 1977, for consumer hire business and December 1, 1977, for credit brokerage business. Applications for licences have to be submitted within the dates specified in the OFT's timetable and, in particular, applications for credit brokerage will have to be put in between April and September next year, unless the applicant is concerned with one of the other activities which require earlier applications.

OFT has issued a separate leaflet CCL/1/75 on licence fees. The basic fee for any one category of business is £45, but for each additional category a further £10 will have to be paid: moreover, if the applicant wants the right to canvass off trade premises an additional £10 will be required. These fees are for individual, not group licences, for which there are special rules and to which special financial terms apply. Licences will normally be issued for three-year periods after which they will be subject to review.

Money and Exchanges

Bank of England Minimum Lending Rate 9¼ per cent. (since February 6, 1976)

Short-term fixed period interest rates were generally easier in the London Money market last week, with the fairly sharp decline in the first few days reflecting the abundant supply of day-to-day funds and some expectation of a further cut in Bank of England Minimum Lending Rate at the weekly Treasury bill tender. Discount houses buying rates for three-month Treasury bills eased to 8$\frac{11}{16}$ per cent. at times, but closing quotations were generally very close to the critical level of 8¾ per cent.

At the weekly tender the average rate of discount fell by 0.0534 per cent. to 8.8010 per cent., and Minimum Lending Rate was unchanged at 9¼ per cent.

The Greater London Council's bill tender was held last Monday, and the £35m. bills on offer attracted bids of £182m. The minimum accepted bid was £97.80; and the average rate of discount was 8.8156 per cent.

Day-to-day credit was in short supply on Monday and the authorities gave a large amount of assistance by buying Treasury bills. On Tuesday, however, the Bank of England absorbed surplus funds by selling an exceptionally large number of Treasury bills, and also sold Treasury, on a moderate scale, to absorb a surplus on Wednesday. There was a return to short credit conditions on Thursday and the authorities gave assistance by buying a large number of Treasury bills and corporation bills, followed by a small amount of bills on Friday.

Sterling's movements in the foreign exchange market last week, remained tied very closely to the fluctuations of the dollar. The U.S. unit's weakness or strength was generally reflected in the change in the pound's trade-weighted average depreciation. The Bank of England calculations of sterling's depreciation finished at 30.3 per cent., compared with 30.5 per cent. on the previous Friday, and was within a range of 30.3 per cent. to 30.5 per cent. throughout the week.

The dollar's trade-weighted depreciation, as calculated, by Morgan Guaranty of New York, narrowed to 2.68 per cent. from 2.76 per cent.

In terms of the dollar, sterling, remained within a range of $2.0220-2.0270, and finished on Friday at $2.0240-2.0250, a fall of 5 points on the week.

The discount on forward sterling against the U.S. dollar narrowed, reflecting the reduced differential between Euro-sterling and Euro-dollar interest rates. The three-month forward pound narrowed to 1.85 cents premium on Tuesday, and closed on Friday at 1.88 cents premium, compared with 2.15 cents premium at the end of the previous week.

Euro-French franc deposit rates tended to fall, as pressure eased on the franc in the foreign exchange market. The one-month rate declined to 11$\frac{1}{16}$ per cent. from around 14 per cent. at the beginning of the week, but the forward franc finished remained at a discount against the pound.

Gold gained $¾ on the week to $131¼-132¼ in fairly quiet business.

EXCHANGE CROSS-RATES

Feb. 20	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankfu't	—	2.559-560	57.08-13	6.54-56	5.180-185	98.10-20	99.9-100.0
N. York	39.02-05	—	22.30-32	[illegible]	[illegible]	37.46-48	32.97-99
Paris	174.91-31	4.4762-4262	—	11.454-4795	9.059-0855	168.175-575	174.0¼-425
Brussels	15.26-29	39.11-14	8.72-74	—	79.13-24	14.68-71	15.27-30
London	5.18-19	2.024 025	9.06¾-07¾	79.20-40	—	5.40-41	5.18¼-19¼
Am'erdam	104.04-09	2.6607-32	59.42-47	6.8115-65	5.3285-3315	—	104.075-125
Zurich	100.01-14	2.5550-45	57.18-25	6.556-5600	5.184-129	96.08-18	—

U.S. $ in Montreal. U.S. $=99.06-08 Canadian cents. Canadian $ in New York $C=100.90-92 U.S. cents. U.S. $ in Milan closed. Sterling in Milan closed.

FORWARD RATES

—	One month	Three month
New York	0.65-0.55 c. pm	1.95-1.85 c.pm
Montreal	par 0.10 c.pm	.05cpm-.05c.dis
Amst'dam	3-2 c. pm	8½-7½ c.pm
Brussels	10 cpm-10 c. dis	35-15 c.pm
Cop'nhg'n	1¼ ore pm-¼ore dis	2¼-1¼ ore pm
Frankfurt	2¼-1½ pf. pm	5¼-6¼ pf pm
Lisbon	50 - 150 c.dis	50-225 c. pm
Madrid	50c.pm.-par	100 c.pm-par
Milan	1lire pm-2 lire dis	1-4 lire dis
Oslo	3¼-1¼ ore pm	10¼-8¼ ore pm
Paris	1¼-2¼ c. dis	2¼-3¼ c.dis
[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

SPECIAL DRAWING RIGHT RATES

[illegible]

GOLD MARKET

	Feb. 20 1976	Feb. 19 1976
Gold Bullion (a fine ounce)		
Close	$131¼-132¼	$130½-131½
Opening	$130¾-131¼	$130¾-131¼
Morning fix'g	$131.00 (£64.707)	$131.00 (£64.675)
Afternoon fix'g	$131.75 (£65.075)	$131.00 (£64.691)
Gold Coins...	[illegible]	[illegible]

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

WEEKLY AVERAGES OF U.K. INDICES

[illegible]

London tea sales

At the tea sales held in London last week 46,295 packages sold realised an average price of 65.79p per kilo compared with 65.81p at the previous sale and against 65.27p a year ago. Plain tea was quoted at 49p.

	No. of kilos	Average per kilo
African Highland Prod.	98,802	69p
Amalgamated	5,584	67½p
Amgoorie	9,738	66½p
Assam Co.	30,787	65p
Assam Cons.	19,631	67½p
Assam Dooars	25,425	61p
Assam Frontier	194,936	67½p
Attaree Khat.	19,296	67p
Blantyre	33,964	59¼p
Borelli	13,942	68¼p
Chabwa	7,240	67½p
Chulsa	14,471	60p
Dekhari	22,121	68¼p
Demodera	9,667	55p
Doom Dooma	56,944	68p
Eastern Assam	20,070	67p
Imperial	29,536	65½p
Jokai	43,750	67½p
Jorehaut	15,727	66p
Kenya	177,543	68½p
Land Reform	111,904	65p
Mafuli	13,233	58p
Moran	44,122	68p
Nayabedde	44,001	67½p
Ouvah	39,619	68½p
Pabbojan	59,675	67p
Spring Valley	9,840	67p
Tingri	12,080	67½p
Tukuyu	16,189	65½p
Upper Assam	37,085	67½p

Stocks at February 13 amounted to 83,702 metric tons compared with 62,922 metric tons a year ago. Converted at 46.985 kilos per package.

INSURANCE BASE RATES

† Atlantic Assurance ... 10¼%

Cannon Assurance ... 8¼%

† Address shown under Insurance and Property Bond table.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

Dollar market caught short

BY MARY CAMPBELL

BOTH the dollar and D-mark sectors of the market were strong last week. The main sufferer was the French franc sector, where Caisse Nationale's Frs.100m. offering was withdrawn.

The dollar secondary market was caught short of bonds earlier in the week. However it stabilised later at higher price levels. On Friday Michelin announced an increased amount for its issue, up from $60m. to $75m., together with a probable coupon cut from 9½ to 9¼ per cent. Among new issues, Ishikawajima-Harima Heavy Industries is offering $25m. due 1981 at an indicated 9½ per cent., via a syndicate headed by First Boston (Europe). The European Coal and Steel Community (ECSC) is raising Can.$50m. due 1983, at an indicated 9 per cent, via Morgan Stanley International. Toronto Dominion is raising Can.$50m. due 1982, also via Morgan Stanley. And Traders Group is raising Can.$25m. due 1982 at an indicated 9¾ per cent., via McLeod Young Weir.

Yields on new issues in the D-mark sector have moved sharply lower even in the past two weeks. Then the World Bank paid 8 per cent. on an eight-year issue; last Friday, Australia came out with a 7¼ per cent. DM100m. seven-year issue.

Earlier in the week, the coupon on New Zealand's DM100m. seven-year offering was cut from 7¾ to 7½ per cent. on a pricing of 99½. When the issue was first announced the previous week, some bond market sources had suggested that 7½ per cent. was cutting it a bit fine.

The next issue in Swiss francs is expected to be Sw.Frs.80m. for Nippon Telephone and Telegraph. The coupon is likely to be 7 per cent.

● Thailand is planning to raise $100m. in its first-ever major Euromarket issue. The terms are expected to include a five-year maturity and a spread of 1¾ per cent. Lead manager is Manufacturers Hanover.

Tedelex enjoys TV boom

By Richard Rolfe

JOHANNESBURG, Feb. 22.

A RAY of light in the gloom generally prevailing in Johannesburg comes with the preliminary figures to December 31 from Tedelex, the market leader in the South African TV sector, which is now reporting for the first time since sales of sets really took off. The figures are outstandingly good and up to forecasts which were virtually ridiculed several months ago. At the pre-tax level, profits have risen from R2.3m. to R12m. and after a 32 per cent. tax bite, reflecting capital expenditure, net profits are up from R1.5m. to R8.2m. This makes earnings 52c to the good at 62.8c and from 2.5c a year ago the dividend has been hiked to 23c.

The news should please the London institutions which hold about 10 per cent. of Tedelex but the fact that the shares, in heavy dealings, could manage a rise of no more than 12c to 199c is both a sign of the times and perhaps an indication that the figures have been treated as an occasion for profit-taking. But the Board says that the TV factory is in full production and the anticipated output for 1976 has been sold. Subject to no unforeseen circumstances, profits for the 1976 trading year should not be less than in 1975 but the forecast could be conservative.

Unofficial estimates are that Tedelex sold 110,000 sets in 1975, of which 25 per cent. were black and white and the balance colour, suggesting that the company accounted for about 40 per cent. of the market. There will be a carry-over of about 10,000 sets into 1976 and with production budgeted at 150,000 this year, the value of sales should increase with a lower proportion of black and white, probably falling to about 10 per cent., helping to increase margins.

With 13m. shares in issue, Tedelex is capitalised at about R26m., but has about R15m. on call at present and is actively looking for ways to invest present cash holdings and projected future income. Local analysts put 1976 earnings at 90 cents per share and the dividend at 30 cents, but this will still leave substantial sums available for investment. One possibility under study by the chairman, Mr. Benny Slome, who with his family interests holds just under 50 per cent. of the shares, is a manufacturing operation under licence in Hong Kong, with a view to exporting to Britain and elsewhere in Europe. In such an event Tedelex would need links with a U.K. distributor.

Dresdner B[illegible] seeks DM3[illegible]

By Adrian Dicks

BONN, F[illegible]

DRESDNER BANK is [illegible] some DM360m. through [illegible] increase next month, [illegible] announced in Frankfurt [illegible] week-end. The move i[illegible] the biggest capital inc[illegible] the German banking [illegible] recent times, though [illegible] had indicated as long as [illegible] November that it was [illegible] offing.

Dresdner Bank has a[illegible] formula of a rights is[illegible] six-for-one basis, and i[illegible] its authorised capital by [illegible] The new shares, carryi[illegible] value of DM50 apiece, [illegible] sold to eligible hol[illegible] DM150. They will car[illegible] to 1976 profits.

The new move w[illegible] Dresdner Bank's [illegible] capital to DM790m. an[illegible] likely to raise appreci[illegible] ratio of capital to tot[illegible]

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Trans-port	Indus.	Util.	Trading volume† 000's
Feb.					
20	71.72	206.94	987.80	89.37	44,510
19	71.66	205.64	975.76	89.34	39,210
18	71.60	205.64	960.09	88.48	29,900
17	71.43	202.61	950.67	87.52	26,460
13	71.36	200.96	958.36	88.03	23,870
12	71.32	201.31	968.78	89.15	28,610
11	71.28	202.73	971.90	89.31	32,300
10	71.21	200.41	962.75	89.60	27,660
9	71.22	199.94	957.18	89.47	26,340
5	71.16	198.36	954.90	89.82	27,360
6	71.23	199.82	964.81	91.13	33,780
4	71.16	201.94	976.62	91.30	38,370
3	71.16	199.43	972.61	91.29	34,080
2	71.21	199.03	971.56	91.00	24,000
Jan.					
30	71.26	199.36	975.28	90.37	38,510
29	71.20	198.05	968.75	91.07	29,800
28	71.13	195.84	951.36	90.66	27,370
27	70.92	197.26	957.81	90.75	32,070
1975-76 High	71.72 (20/2/76)	206.94 (20/2/76)	987.80 (20/2/76)	91.90 (4/2/76)	—
Low	66.16 (3/1)	146.47 (2/1)	642.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	165.32 (20/4/65)	44,510 (20/2/76)
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Feb. 13	Feb. 6	Feb. 14, 1975
3.90	3.91	5.25

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

[illegible]

RISES AND FALLS

[illegible]

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

[illegible]

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Feb. 20	114.07	102.10
19	113.96	101.41
18	112.02	99.55
17	111.12	[illegible]
13	111.84	99.67
12	[illegible]	[illegible]
11	113.10	100.77
10	112.75	100.47
1975-76 High	114.67 (20/2/76)	102.10 (20/2/76)
1975-76 Low	77.71 (8/1/75)	70.74 (6/1/75)

* 425 Industrials, † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Feb. 19 1976	Feb. 12 1976	Feb. 19 1975
Ind. Ord. yield pc	3.38	3.35	4.20
Ind. Ord. p/e ratio	13.75	13.88	3.92
Long-term Govt. Bds. per cent.	5.70	5.70	6.04

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Pan Amer. Air	365,400	7½	+⅛
Texaco	331,500	[illegible]	−⅛
Ramada Inns	296,700	6	+⅛
Braniff Inter.	296,400	13½	−⅛
General Motors	282,100	64½	−⅛
RCA	275,900	[illegible]	—
Sterling Drug	275,000	18½	−⅛
Levitz Furniture	272,900	7	−⅛
Whittaker	265,400	5	—
Upjohn	260,400	41½	−3½

TORONTO

INDUSTRIAL INDEX

[illegible]

MONTREAL

INDUSTRIAL INDEX

[illegible]

COMBINED INDEX

[illegible]

JOHANNESBURG

[illegible]

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Feb. 19	Feb. 12	Feb. 5
On Dividends	5.67	5.66	5.56
On Earnings	9.29	9.25	9.26

SYDNEY ALL ORD. INDEX

Feb. 20	Feb. 19	High 1975-6	Low 1975-6
462.57	460.98	472.85 (23/1/76)	288.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Feb. 20	Feb. 19	High 1975-76	Low 1975-76
333.18	330.76	342.84 (1/2/76)	268.24 (10/1)

HONG KONG INDEX *

Feb. 20	Feb. 19	High 1975-6	Low 1975-6
422.54	415.51	434.46 (4/2/76)	150.42 (9/1)

SINGAPORE INDEX §

Feb. 20	Feb. 19	High 1975-6	Low 1975-6
279.11	266.99	286.16 (3/2/76)	153.26 (6/1)

EUROPE

	Feb. 20	Previous	1975-6 High	1975-6 Low
Belg'm (a)	111.77	111.44	113.81 (5/2/76)	89.07 (2/1)
Denm'k (b)	108.21	108.98	107.79 (27/1/76)	75.06 (13/1)
France (d)	71.6	70.9	72.6 (23/4)	61.70 (3/1)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Indices and base dates (all base values 100) ... [illegible]

AUSTRALIAN WEEKLY LIST

[illegible]

TEL AVIV STOCK EXCHANGE

[illegible]

Source: Bank Leumi Le Israel, Tel Aviv.

HONG KONG

[illegible]

SINGAPORE STOCKS

[illegible]

JOHANNESBURG

[illegible]

CANADIAN WEEKLY LIST

[illegible]

OVERSEAS SHARE INFORMATION

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY

[illegible]

MILAN

[illegible]

AMSTERDAM

[illegible]

PARIS

[illegible]

SWITZERLAND

[illegible]

COPENHAGEN

[illegible]

VIENNA

[illegible]

STOCKHOLM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

SPAIN

[illegible]

TOKYO

[illegible]

OSLO

[illegible]

AUSTRALIA

[illegible]

NOTES: [illegible]

هكذا صدر الأصل

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

FINANCIAL TIMES STOCK INDICES

	Feb. 20	Feb. 19	Feb. 18	Feb. 17	Feb. 16	Feb. 13	A year ago
Government Secs.	62.81	63.25	63.81	63.62	63.40	63.47	57.81
Fixed Interest	62.78	63.12	63.25	63.14	62.91	62.81	57.26
Industrial Ordinary	391.9	396.7	397.3	403.3	400.2	405.5	260.4
Gold Mines	196.5	198.9	198.9	198.6	206.9	214.9	407.4
Ord. Div. Yield %	5.33	5.27	5.25	5.19	5.23	5.17	7.51
Earnings Yl'd % (full) (a)	15.40	15.32	15.29	15.11	15.23	15.05	22.10
P/E Ratio (net) (a) (b)	9.55	9.61	9.64	9.75	9.68	9.80	5.26
Dealings marked	6,610	6,767	5,750	6,180	7,540	4,955	6,697
Equity turnover £m	—	66.57	56.28	67.06	54.74	57.00	82.46
Equity bargains total	—	15,452	14,951	15,106	15,540	14,388	19,240

10 a.m. 394.4. 11 a.m. 391.2. Noon 389.7. 1 p.m. 389.1.
2 p.m. 389.2. 3 p.m. 391.3.
Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil= 9.47.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1975/6 High	1975/6 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1/76)	49.18 (6/1/75)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	64.45 (2/2/76)	50.53 (3/1/75)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	417.4 (30/1/76)	146.0 (6/1/75)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5/75)	195.9 (19/2/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Feb. 20	Feb. 19
Daily—		
Gilt-Edged	161.1	165.0
Industrials	224.9	189.0
Speculative	71.4	86.9
Totals	148.2	151.0
5-day Av'r'ge		
Gilt-Edged	160.5	167.5
Industrials	209.8	196.1
Speculative	108.2	109.5
Totals	143.3	136.5

FT—ACTUARIES INDICES

—	Feb. 12	Feb. 19	Feb. 18	Feb. 17	Feb. 16	Feb. 13	A year ago
Industrial Group	156.01	158.49	159.38	159.45	159.02	159.98	105.38
500 Shares	170.77	173.16	173.99	174.12	173.52	174.85	113.75
Div. Yield pc	5.48	5.41	5.38	5.35	5.40	5.36	7.51
P/E Ratio (net)	9.72	9.86	9.91	9.92	9.88	9.96	6.40
All Shares	162.97	165.32	166.13	166.31	165.75	167.01	111.99
Red. Debs. Yield pc	13.85	13.66	13.56	13.55	13.55	13.55	14.89

BASE LENDING RATES

Allied Irish Banks Ltd.	9½%	Julian S. Hodge	10½%
Anglo-Portuguese Bank	9½%	Industrial Bank of Scot.	10 %
Henry Ansbacher	10 %	Keyser, Ullmann	10 %
Banco de Bilbao	9½%	Knowsley & Co. Ltd.	11½%
Banco de Jerez	10½%	Lloyds Bank	9½%
Bank of Cyprus	10 %	London & European	11½%
Bank of N.S.W.	9½%	London Merc'tile Corpn.	10½%
Banque du Rhone S.A.	10 %	Midland Bank	9½%
Barclays Bank	9½%	■ Samuel Montagu	9½%
Barnett, Christie Ltd.	10 %	■ Morgan Grenfell	9½%
Bremar Holdings Ltd.	10 %	National Westminster	9½%
Brit. Bank of Mid. East	9½%	Northern Comm. Trust	10 %
Brown Shipley	9½%	Norwich General Trust	10 %
Canada Permanent AFI	9½%	Portman Guaranty	11 %
Cayzer, Bowater Co. Ltd.	10 %	P. S. Refson & Co.	9½%
Cedar Holdings	10 %	Rossminster Accept'cs	9½%
Charterhouse Japhet	10 %	Schlesinger Limited	10½%
C. E. Coates	10½%	E. S. Schwab	11½%
Consolidated Credits	12 %	Security Trust Co. Ltd.	11 %
Co-operative Bank	* 9½%	Shenley Trust	11½%
Corinthian Securities	9½%	Standard Chartered	9½%
Credit Lyonnais	9½%	Thames Guaranty	11 %
The Dawes	11 %	Trade Development Bk.	9½%
Eriff Brothers	11 %	Twentieth Century Bk.	11½%
Duncan Lawrie	11 %	United Bank of Kuwait	9½%
English Transcont.	11 %	Whiteaway Laidlaw	10 %
First London Secs.	9½%	Williams & Glyn's	9½%
Antony Gibbs	9½%	Yorkshire Bank	9½%
Greene Durrant Trust	10 %		
Greyhound Guaranty	9½%		
Grindlays Bank	‡ 9½%		
Guinness Mahon	9½%		
Hambros Bank	9½%		
Hill & Partners	13 %		
Hill Samuel	§ 9½%		
C. Hoare & Co.	† 9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5½%, 1-month deposits 5¾%.
† 7-day deposits on sums of £10,000 and under 5½%, up to £25,000 6¼%, and over £25,000 6½%.
§ Demand deposit 7%.
‡ Call deposits over £1,000 5½%.

OFFSHORE AND OVERSEAS FUNDS

NOTES

A view on the role of non-executive directors

New 'professionals' needed

BY NICHOLAS LESLIE

A BLUNT WARNING that organisations as diverse and complex as BOC International are "asking the impossible from the traditional 'one day a month' non-executive director" is given to-day by Mr. Leslie Smith, chairman of the industrial and medical gases group.

Mr. Smith bases his contention — which comes at a time when the ability of non-executive directors to play an effective role is being widely and increasingly questioned — on the premise that the minimum requirements of a Board director should be a general understanding of a business, sufficient acquaintance with senior management to assess its strengths, a grasp of the finances and financial structure of a corporation, and an awareness of social and economic trends.

He suggests that a new type of professional non-executive director — such as Mr. Dick Taverne, former MP for Lincoln, and Mr. Michael Shanks, formerly the EEC's director-general for social affairs, both recruited to the BOCI Board in the past eight months—"will emerge in time."

Realities

Mr. Smith makes his remarks in BOCI's latest report and accounts (for the year ended September 30, 1975), published to-day.

His annual statement also contains a call for "a greater understanding of the realities of industrial life among those who govern us" and in a foreword to the report and accounts, the problems of complying with statutory and other pressures on disclosure of information are outlined, with all readers of the report being offered the facility to write to Mr. Smith if they would like "some of the complexities further unravelled."

> In the report and accounts of BOC International, auditors, Cooper and Lybrand express reservations concerning the group's practice to use the "last in, first out" (LIFO) method of valuation.
>
> This method of stock valuation is not generally accepted in the U.K. and is only significant in its application within Airco Inc., an associated company, they state.
>
> Airco changed to this basis in 1974. The effect is to state the group trading profit in 1975 at an amount lower than that which would have been obtained from an accepted U.K. stock valuation method. Apart from the corresponding effect on the associated company reserves there is no effect on the consolidated balance sheet. They point out that the effect cannot be quantified as Airco has published information relating thereto only up to December 31, 1974 and, since Inc. is a quoted company in the U.S., the Board of BOC may provide only such information in the group accounts as has been published.

Expanding his theme on non-executive directors, Mr. Smith maintains that, assuming the "name-lending" days are over and that all directors, whether executive or not, are now required to make positive contributions, "I believe that the great responsibility which the non-executive director has to share is usually out of all proportion to the time he can give to it or to the resources available to him."

Further, he maintains the available evidence suggests that the responsibility of the Board is not generally understood by employees, "still less by the general public."

One result is the feeling that directors' fees are "easy money"—a situation which is not the fault of employees and where the blame lies partly in the educational system, partly in history, but mainly "with a traditional system which, however adequate in the past, now places the non-executive director in an unfair and impossible position."

Mr. Smith says that the regard with which such directors are held cannot improve until they are recognised as being more closely involved with a company's affairs, and it is from this point that he develops his argument for the new kind of professional director.

One way he sees as securing an outside view is by recruiting non-executives who are supported by an organisation of their own and whose knowledge and resources can be drawn upon.

BOCI, he adds, is also trying to solve the problem by searching for a number of non-executives who will give about 25 per cent. of their time, who will be given full resources of the company's information and other services, and who will undertake specific tasks for the company.

Referring to Mr. Taverne and Mr. Shanks's appointments in this context, Mr. Smith says it is hoped to attract others this year, but he recognises BOCI will have difficulty in finding willing people with appropriate industrial experience.

Mr. Smith outlines the greater degree of discussion that takes place with employees on costs and profitability and the encouraging way in which management's willingness to discuss and confer is reciprocated with co-operation from the shop floor and office.

But he makes it clear that any move to worker directors would require such directors to be fully trained for the job.

Elaborating on his plea for a greater understanding of the industrial realities of life, Mr. Smith remarks that "it is a matter of great concern to us that so few MPs of all parties in the U.K. and other parliaments appear to have had any pratical connections with manufacturing industry."

Avalanche

It is therefore small wonder that industry has been buried beneath an avalanche of laws, rules and regulations "having little relationship to our real life industrial or commercial problems."

In an effort to improve understanding of such problems, BOCI has been making a deliberate effort to meet and talk with as many politicians as possible, of all persuasions.

'We shall win,' says Thatcher

TORY LEADER Margaret Thatcher made two pledges to the electorate yesterday in a fierce attack on the Government, and declared that the Conservative Party would win the next general election "whenever it comes."

She promised party workers at St. Austell, Cornwall, that, when elected, her Government would repeal the Community Land Act, which was threatening "a blight on thousands of acres of good farming land," and draw the teeth of the Capital Transfer Tax and find ways of helping small businesses.

"Our future and our freedom is threatened, not safe-guarded, by the overmighty bureaucracy of the socialist State," said Mrs. Thatcher. Her two pledges were the down payment on the Tory plan to stop the slide to socialism.

She urged party workers to "help us remind people of this Government's record."

After six months of socialist government, Mr. Healey had claimed "inflation was coming down—8.4 per cent., he said. Yet a year later it was three times as high and the pound in your pocket was shrinking at a record rate."

The Tories, however, must not win the election "just by default, through the failures of socialism. We must, and shall, win on the merits of our Conservative philosophy."

The Tory philosophy had a message for trade unionists, because only in a free society could real trade unions exist and fully represent the interests of their members; but in particular, the Conservative approach had an appeal for "those in business who want to get the Government off their backs.

"The biggest charge against this Government is the damage it has done to prosperous enterprises, upon which out future depends. Inflation and taxation together have cut off the money needed for investment."

CONSUMER CONFIDENCE

Optimism continues to grow for coming year's buying

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE RECOVERY in consumer confidence which emerged in January was sustained in February, according to the British Market Research Bureau's survey of financial expectations.

The appropriate index shows that more thought the present a good time to make major purchases, and this, with the latest figures, provides further evidence for expecting an improvement in the market for consumer durables in the summer.

The proportion of those adults interviewed who expected things to get worse exceeded those expecting an improvement by 3 per cent. This was better than in January, when the pessimists outnumbered the optimists by 5 per cent.

The recovery was even more marked among professional men, with 19 per cent. more "ABC1" men expecting things to get better than to deteriorate. Throughout last year the pessimists outnumbered the optimists, and it was only last month that optimists took the majority of ABC1 men.

As a result the six-month moving average figures for future confidence continued their steady improvement to reach their best levels since the winter of 1972. Looked at on this longer-term basis, 11 per cent. more ABC1 men are pessimistic than optimistic, while among all adults, pessimists outnumber optimists by 16 per cent., against 20 per cent. in January.

Among reasons given for optimism "inflation being brought under control" was mentioned by 17 per cent. (9 per cent. in January). Even so, the main reason for optimism continued to be the belief that "things cannot get worse."

But many professional men still felt that their living standards were deteriorating. While in January the proportion of ABC 1 men feeling worse off than a year ago outnumbered those feeling better off by only 3 per cent., in February those feeling worse off were in a majority of 18 per cent.

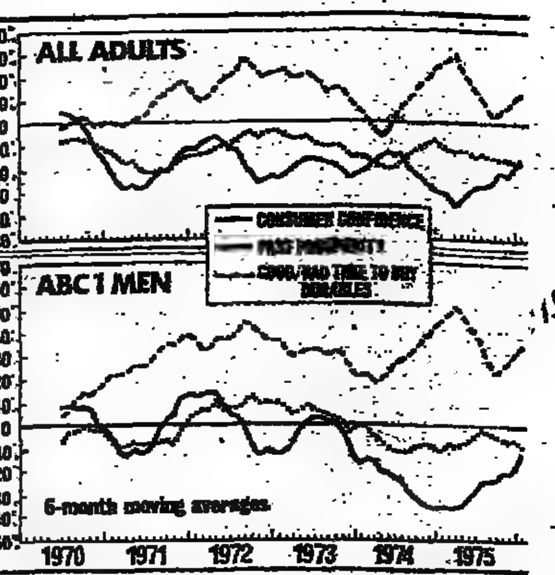
This opinion was restricted to managerial and clerical workers, for whom a £6 wage increase is relatively small, and was not felt by everybody.

Indeed, there was a small improvement in the figure for "all adults," those feeling worse off leading by 18 per cent. in February (19 per cent. in January).

The six-month moving average figure both for "all adults" and ABC men deteriorated slightly, with a negative balan[ce of ...] per cent. for all [...] February as against [...] cent. in January.

The fall in the six-m[onth mov]ing average figure f[or ABC1] men was more marked [in Febru]ary, with 9 per cent. [more pro]fessional men feeling [...] compared with a [...] against a negative bala[nce of ...] per cent. in January.

The survey is produc[ed for the] Financial Times by t[he British] Market Research Bure[au and is] based on a nationally r[epresenta]tive sample of 1,012 ad[ults inter]viewed between Febru[ary ... and] February 7.



The consumer confidence line charts the percentage of respondents expecting conditions to improve in t[he next] 12 months over those expecting them to worsen.

Past prosperity is the percentage balance of [those] saying that their families are better off than they [were 12] months ago over the balance saying they are worse of[f].

The durable line charts the percentage of those s[aying] who think the present moment is a good one for [buying] consumer durables over those who think it is a bad buy.

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LAWN TENNIS — BY JOHN BAR[RETT]

British girls keep BP cup

AFTER A WEEK of testing and intensive play, the American men and British women retained their BP Cup titles on the wooden courts of the Palace Hotel, Torquay, on Saturday.

The first three days of round robin play in this international under-21 team event revealed the overwhelming strength of Ann Jones' British girls' team. Sue Barker and Linda Mottram—ranked two and four nationally—who shouldered the main responsibility, might well have beaten many Federation Cup teams. With Michele Tyler, our No. 5, they carried too much power and experience for the girls of France and Holland in the Yellow Group. Their only lost rubber was a doubles against the French.

In the semi-finals, Miss Barker and Miss Mottram crushed the Czechs, who had finished ahead of West Germany in the Green Group but behind the Americans. The U.S. girls, Lele Forood of Fort Lauderdale (Chris Evert's home town) and Stephanie Tolleson of Phoenix—two seasoned 19-year-olds who have emerged through the system of tough collegiate rivalry in the U.S.—were equally decisive in their semi-final win against the French.

Up to this point the matches had consisted of three rubbers—two singles and a doubles—but the two-day final on Friday and Saturday was conducted on the Davis Cup formula of two crossed singles and a concluding doubles. So when, on the opening day, Britain's number two, Miss Mottram, recovered from the loss of the opening set to beat Miss Forood, the top American 6—7, 6—2, 6—2, after Miss Barker's rapid 6—3, 6—1 win against Miss Tolleson, the task facing the U.S. was clearly formidable.

On Saturday the British girls won all three matches to complete a whitewash victory that gave them a third BP Cup in as many years. Miss Mottram sealed victory with a 6—4, 6—4 win against Miss Tolleson and then, following the withdrawal of Miss Forood, because of 'flu, Miss Barker, who looked far from fit herself, held on as dizziness struck to beat the U.S. substitute, 37th-ranked Sandy Stap of Deerfield, Illinois, 6—0, 6—4.

The doubles, as so often, provided the greatest entertainment as Miss Mottram and Miss Tyler recovered their poise, after a bad start in the deciding set, to beat Miss Tolleson and Miss Stap 6—1, 5—7, 6—3.

The U.S. men, led by Ferdi Taygan, the impressive 1974 U.S. junior champion from Framingham, Mass., had emerge[d comfort]ably in the Green Gr[oup at the] expense of the Netherl[ands, West] Germany and Sweden [and] arrived in Torquay w[ith a] win against Italy in G[...].

The British mer[...] Robinson and Jonatha[n Smith] had snatched the lea[d in] the Yellow Group fro[m ...] by winning the decisiv[e ...] in straight sets.

In the other semi-fin[al ...] beat Sweden 2—1. At [...] lanky Jon Smith had [...] country four impres[...] with his attacking pla[y].

On Friday, howeve[r, ...] produced an immacula[te ...] of controlled power [...] Smith's record 6—2, [...] Robinson replied by u[...] the basic virtues of c[...] and length to beat [...] Gonzales, U.S. No. 2 fr[om Puerto] Rico.

The first level a[...] Saturday put Britain a[...] as Smith, returned n[...] best form, beat Gonz[ales ...] 6—1, but Taygan le[...] saving eight break poin[ts on his] service in the opening s[et, beat] Robinson 6—3, 6—1. T[he decid]ing doubles turned [...] America's way 6—4, [...] virtue of their greate[r] power.

FT CLIPPER RACE — BY ALEC BE[...]

Sou'westers fair for GB II

THERE CAN be few occasions when seafarers are happy to hear that they can expect gale-force winds, but the crew of Great Britain II, leading the way home to Dover in the Financial Times Clipper Race, are riding the final miles towards the Western approaches of the English Channel on a south-westerly gale that is forecast to increase to severe gale as they sail further north. This is exactly what skipper Roy Mullender and his crew want to ensure that they beat the 69-day record from Sydney to London.

If they carry the storm into the Channel, her crew, talking to friends and relatives at home yesterday by radio telephone, think they might reach Dover late on Tuesday, almost four days ahead of the record.

Yesterday morning the yacht was 300 miles west of Cape Finisterre, and has been maintaining an average of almost exactly 250 miles per day since last Thursday. If she can maintain this, her time of arrival at the finishing line off Dover would seem to be more probable on Wednesday. When she radioed her position yesterday she was 720 miles from Dover. Forecasts predicted south-westerly gales for Finisterre, Biscay and Sole, with severe gales up to Force 9 or 47 knots in North Finisterre.

Rolled over

The Australians, aboard the 83-ft. Anaconda, have managed to make direct contact with Britain by radio from a position 1,000 miles south of the Azores. The yacht's owner, Josko Grubic, reported that when 600 miles east of Buenos Aires they were rolled over and the crew were able to practise walking on the ceilings below decks as the yacht lay with her mast in the sea. He also reported that they had only five days of fair winds since leaving Sydney.

The French ketch, Kriter, now in the middle of the South Atlantic on the latitude of Rio de Janeiro, appears to be the second yacht to have completed a technical circumnavigation of the world by crossing her outward track, Great Britain having achieved this last Friday as she passed to the east of the Azores.

GB11 has now sailed about 60,000 miles. Her crew and those awaiting them at home must be hoping that everythi[ng holds] together as she surfs into the Channel with [a] slap on the back f[rom the] Atlantic weather. Posi[tions]:

Great Britain II: 0600 GMT F[...] 44 42N 14 15W.
Anaconda II: 1200 GMT F[...] 32N 35W.
The Great Escaper [...] February 21, 7 38S 35W.
Kriter: 1200 GMT February [...] 26 58W.
CS e RB II: No report sin[ce ...] Islands February 3.

هكذا اصل الأصل

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
24—26	London Smallwares Trade Fair	Berners Hotel, W.1
24—28	Automatic Laboratory Techniques Exhibition	West Centre Hotel, S.W.6
24—28	National Stamp Exhibition	New Horticultural Hall
25—28	Ideal Homes Exhibition	Market Hall, Carlisle
26—Mar. 7	Boat Show '76	Belle Vue, Manchester
1—4	International Men's and Boys' Wear Exhibition	Earls Court
1—5	Tunnelling '76 International Exhibition	Cunard Hotel, Hammersmith
2—5	Italian Knitwear Exhibition	Italian Trade Centre, W.1
9—11	Electro-Optics Exhibition	Metropole Centre, Brighton
9—11	Reproduction Furniture Exhibition	West Centre Hotel, S.W.6
9—20	Chelsea Antiques Fair	Town Hall
15—18	National Carpet Fair	Winter Gardens, Blackpool
15—19	Furniture Production Exhibition	Nat. Exbn. Centre, B'ham
15—19	Process Control Instrumentation Exhibition	U.S. Trade Center, W.1
16—18	Sound '76 Public Address Equipment Exbn.	Bloomsbury Centre Htl., WC1
16—20	Building and Public Works Exhibition	Kelvin Hall, Glasgow
18—25	Euro Arts and Crafts Exhibition	Bingley Hall, Birmingham
20—21	London Dinghy Exhibition	Edmonton
29—Apr. 2	Int. Brewing, Bottling and Allied Trades Ex.	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

nt	International Food Fair (cl. Feb. 26)	Brno, Czechoslovakia
nt	Building Exhibition (cl. Feb. 29)	Brussels
nt	Design Engineering Exhibition (cl. Feb. 25)	Dusseldorf
nt	Motor Show (cl. Feb. 29)	Chicago
nt	American Toy Fair (cl. Feb. 25)	New York
nt	International Spring Fair (cl. Feb. 26)	Frankfurt
nt	Spring Gift and Housewares Show (cl. Feb. 27)	Dallas
25—Mar. 4	International Mechanical Handling Ex.	Basle
27—Mar. 7	International Boat Show	Stockholm
28—Mar. 7	International Tourism-Exchange Exhibition	Berlin
28—Mar. 14	Ideal Home Exhibition	Paris
29—Mar. 3	European Fashion Fair	New York
7—14	International Agricultural Machinery Exbn.	Paris
11—21	International Motor Show	Geneva
12—19	Intl. Agricultural and Animal Farming Fair	Verona
13—21	International Book Fair	Brussels
14—21	International Spring Fair	Liepzig
15—20	Spring Clothing Fair	Beograd
18—21	International Fashion Fair	Copenhagen
19—22	LAVASTIR '76	Milan
20—29	Lyons International Fair	Lyons

BUSINESS AND MANAGEMENT CONFERENCES

4	E.B.I.: Prospects for Medium-Term Borrowing	Cafe Royal, W.1
4—25	ESC-CBI: Product Liability/Fair Trading Now	Hilton Hotel, W.1
4—26	Coll. Dist. Trades: The Financial Module	30, Leicester Square, W.C.2
4—26	Dept. of Ind.: Maintenance Engineering	Royal Lancaster Hotel, W.2
5	Imperial College of Science: Venture Capital	Imperial College, S.W.7
5	Inst. of Fuel: Growing Energy	Royal Hotel, Southampton
6	BCEMA: Profit from Plant Performance	Cafe Royal, W.1
6—27	Fire Protection Association National Conference	Excelsior Hotel, Heathrow
7	Inv. and Prop. Studies: Development Land Tax	Royal Lancaster Hotel, W.2
—Mar. 4	Wales Intl. Man. Centre: Managerial Finance	Cheltenham
—4	ORC (U.K.): Paying People Abroad	Carlton Tower Hotel, S.W.1
—5	BACIE: Training for the Office	Training Centre, W.1
	Decimus: Communications Crisis in Industry	Quaglino's, Bury St., S.W.1
—4	Financial Times and Investors Chronicle: The City in National and International Finance	Royal Lancaster Hotel, W.2
—5	Urwick Man. Centre: Conditions of Contract	Slough, Bucks.
	Trent Polytechnic: Crisis Management 1976	Novotel, Sandiacre, Notts.
—9	Sussex Univ.: Crisis in Capitalist Planning	Brighton
—11	Assoc. Cert. Acc.: Accounting Aspects of Planning and Control	Hotel Russell, W.C.1
—12	Kepner-Tregoe: Decision Mkg. for Senior Man.	Int. Airport Hotel, Dublin
—12	P-E Cons. Grp.: Planning and Control of Production	Training Centre, Egham
—19	Bradford University: Personnel Policy	Heaton Mount, Bradford
—10	Brunel Univ.: Employee Surveys	Uxbridge, Middlesex
—11	Financial Times, Varig Brazilian Airlines, Investors Chronicle: Business with Brazil	Intercontinental Hotel, Rio de Janeiro
	Fielden House: Dismissals—Fair or Unfair	Bury
	N.E. Administration: Clerical Productivity	Swallow Hotel, Newcastle
	Focus Research: Foreign Investment in Venezuela	Waldorf Hotel, W.C.2
—15	Man. Studies: Managing the Smaller Company	St. Peter Port, Guernsey
—16	Food Manufacturers' Federation Conference	Grosvenor House Hotel, W.1
—18	Financial Times: Industrial Relations in 1976	Royal Lancaster Hotel, W.2
	WTI: Trading Opportunities in EEC and EFTA	World Trade Centre, E.1
—25	North Wales Univ.: Financial Institutions	Chartered Ins. Inst., E.C.2
—26	ICMA: Liquidity Management	Sheffield University
	Inst. of Structural Eng.: Offshore Technology	Sheffield University
	Econ. Models: Forecasts for Euro. Automobile Ind.	EM House, S.W.1
—26	Oyez: Isle of Man as a Financial Centre	Palace Hotel, Douglas
	Stanford Research Inst.: Decision Analysis	Inst. of Directors, S.W.1

FT GROCERY PRICES INDEX

'Shopping basket' cost shows smallest rise since October

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE FINANCIAL TIMES Grocery Prices Index in Feburuay showed its smallest monthly rise since October but despite this deceleration in the rate of increase, the index has gone up by more than 8 per cent. in the last three months.

The index rose by 3.48 points to reach 211.81. This compares with an increase of 8.43 points in January.

The index now stands 26 per cent. above last February's level.

As in previous months, the biggest single contributor to the increase was the fruit and vegetable category.

In January, potatoes were the main factor behind the rise in the vegetable bill. But this month potato prices were relatively stable and other vegetables, such as cauliflowers and lettuces, were mainly responsible for the increase.

Tomatoes, on the other hand, generally cost less than last month, with some shops reducing them by as much as 10p a pound.

The other big contributor to this month's rise in the index was the dairy category. This was almost entirely due to higher egg prices.

Eggs were very cheap after Christmas, when they were plentiful. Now they have gone up again and the FT shoppers had to pay up to 8p a dozen more for large eggs than last month.

The sugar and soft drink category showed a big increase this month, largely as a result of higher coffee prices. Most shops charged about 8p more for a 4 oz. jar of instant coffee than in December, reflecting the higher world prices of coffee.

Bills for meat, canned goods and flour-based products were all fairly stable this month, with promotional price cuts largely outweighing price increases.

The preserves and dry grocery category showed a fall on December, possibly reflecting the difficulty some shops are having in selling sugar-based products, such as jams, at higher prices resulting from last year's sugar price rise.

Though the index showed a smaller rise this month than for some time, its a year-on gain of 26 per cent. shows that while inflation may be slowing in other fields, it has shown little sign of deceleration on food over the last five months.

The Government's recently launched price check scheme will not have much impact on the situation, as it does not cover fresh foods which have been the main contributor to the recent rise in the food price index.

FINANCIAL TIMES SHOPPING BASKET

	Feb. 1976 £	Jan. 1976 £
Dairy Produce	106.45	103.53
Sugar, Tea, Coffee, Soft Drinks	47.99	46.59
Bread, Flour, Cereals	65.41	65.65
Preserves and Dry Groceries	21.81	23.25
Sauces and Pickles	11.81	11.42
Canned goods	38.83	38.88
Frozen foods	33.04	32.20
Meat, Bacon, etc. (fresh)	144.44	144.23
Fruit and Vegetables	110.09	103.56
Non-Foods.	46.16	46.40
Total	626.03	615.72

INDEX

1971: Feb. 100; Mar. 101.09; April 102.73; May 105.75; June 108.00; July 107.24; Aug. 105.40; Sept. 105.26; Oct. 104.35; Nov. 105.48; Dec. 108.26.

1972: Jan. 109.18; Feb. 109.10; Mar. 109.24; April 108.04; May 109.36; June 115.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 113.15; Nov. 11: 114.48; Nov. 18: 114.49; Nov. 25: 114.72; Dec. 2: 114.72; Dec. 9: 114.75; Dec. 16: 115.77.

1973: Jan. 117.56; Feb. 119.25; Mar. 120.53; April 123.80; May 125.57; June 128.81; July 127.64; Aug. 126.59; Sept. 129.39; Oct. 138.83; Nov. 135.83; Dec. 138.26.

1974: Jan. 141.41; Feb. 141.52; Mar. 142.66; April 8: 143.23; April 29: 142.64; May 145.17; June 147.97; July 146.22; Aug. 145.25; Sept. 147.6; Oct. 150.5; Nov. 156.39; Dec. 159.15.

1975: Jan. 162.84; Feb. 167.77; Mar. 173.50; April 178.39; May 183.41; June 193.02; July 188.45; Aug. 189.23; Sept. 186.64; Oct. 189.79; Nov. 194.78; Dec. 201.90.

1976: Jan. 208.33; Feb. 211.81.

The index is based on the prices paid by 11 shoppers around the country. The shopping was done in supermarkets and independent grocers.

Creditors give hotel 'a chance'

CREDITORS of Nottingham's Victoria Hotel, one of the largest there, have agreed at an informal meeting to defer pressing claims to give the hotel a chance of success.

The Victoria, run by Castle Point Properties, was reopened about 18 months ago after extensive alterations and refurbishing.

Stoy Hayward, accountants, have been called in by Estates and General Investments, which has a priority claim on the business of £740,000.

Mr. M. Spencer, of Stoy Hayward, told the meeting of creditors that the hotel was insolvent. About £675,000 was owed to creditors and £1.4m. to a finance house and a bank. The Clydesdale Bank was owed £695,500 and the National Westminster Bank was an unsecured creditor for £120,000. Interest payments amounted to £5,000 a week, and the business was now trading on a day-to-day basis by paying cash for goods and services.

A trading profit of £8,000 was expected this year, £100,000 next year, and £200,000 in 1978.

A "watchdog committee" headed by Mr. John Owen, a Nottingham accountant, has been formed to monitor the hotel's operations for three months.

£1.5m. airport building backed

A NEW £1.5m. terminal building at Norwich Airport has been approved by the county's Planning and Transportation Committee.

The committee rejected the possibility of removing the airport to another site at a cost of £20m. following complaints about aircraft noise.

NEW BANK BRANCH

The Allied Irish Bank has opened its 18th U.K. branch at Nottingham, where about 10,000 Irish people live.

APPOINTMENTS

Amex Bank Board

...trick L. Macdougall and ...ard D. Unanue have been ...d additional managing ... of AMEX BANK, the ...ased subsidiary of ...n Express Company.

★

...urice Sutherland has been ...d a director of TYNE .... He is a member of the ...nd Hartlepool Port ... and the Northumbrian ...uthority, and is leader of ... County Council.

★

...R. Meade has retired as ...r of A. GALLENKAMP.

★

...etrie has been appointed ... director of ADPOWER ... the acquisition of ... by Randstad Inter...

★

...ail Payne has joined ... AND DIXON as the ... director responsible for ...nce broking interests in ...

★

...vid Barr, a solicitor and ... for West Norfolk and ...mbridgeshire, has been appointed to the Board of EAST MIDLAND ALLIED PRESS. He has been a director of EMAP subsidiary West Norfolk Newspapers since 1972.

★

Mr. Denis O. Davis has retired as a director of RECKITT AND COLMAN.

★

Sir James Barker, chairman of Unigate, has been appointed a regional director of the Central London Regional Board of LLOYDS BANK.

Output records for brickworks

NOTTINGHAM Brick Company set production records last week, including an output of 200,000 bricks in one day for the first time in the company's history.

The company has an order for 250,000 of its new ivory-coloured bricks for the Newcastle upon Tyne area. Birmingham Corporation has ordered 1m. Hantec bricks for housing at Frankley.

TV Top 20

Week ended February 15

			Homes viewing (m.)
1	This is Your Life	Thms.	8.85
2	Sale of the Century	Anglia	8.15
3	Coronation Street (Wed.)	Gran.	8.00
4	Crossroads (Wed.)	ATV	7.90
5	Crossroads (Tue.)	ATV	7.75
	Crossroads (Thur.)	ATV	7.75
7	Morecambe and Wise Show	BBC	7.70
8	Opportunity Knocks	Thms.	7.55
9	Bouquet of Barbed Wire	Ln.W/E	7.45
10	Happy Ever After	BBC	7.40
	Crossroads (Fri.)	ATV	7.40
	Celebrity Squares	ATV	7.40
13	Coronation Street (Mon.)	Gran.	7.35
	Olympic Grandstand (Wed.)	BBC	7.35
15	Bless This House	Thms.	6.95
	The Liver Birds	BBC	6.95
	New Faces	ATV	6.95
18	When the Boat Comes In	BBC	6.85
	That's Life	BBC	6.85
20	And Mother Makes Five	Thms.	6.75

Figures compiled by Audits of Great Britain for the Joint Industry for Television Advertising Research.

CONFERENCES

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—
Dewhurst and Partner, Hounslow, 4

BOARD MEETINGS—
Finals:
Anglo-Welsh Inv. Trust
Drayton Commercial Inv.
Hoover
Randall (J. and L.)
St. Andrew Trust
Interims:
Footwear Industry Invs.
Worth (Bond)

DIVIDEND & INTEREST PAYMENTS—
Adisa Inv. Tst., 1.4p
Allied Retailers, 1.6p
Assoc. Dairies, 0.8p
Bishop Auckland 6½pc Bds. 23/2/77, 3¼pc
Chancery Consold. 8pcUns.Ln., 4pc
Forminster, 1.8525p
Halma, 0.56p
Hickson and Welch, 5.4459p
Kingston upon Hull 6½pcBds. 23/2/77, 3¼pc
London and Northern, 1.25p
Raeburn Inv. Tst., 2.1p

TO-MORROW

COMPANY MEETINGS—
Cronite, Solihull, 12
Deanson, Birmingham, 12
Record Ridgway, Sheffield, 12

BOARD MEETINGS—
Finals:
London City and Westcliff Props.
National Westminster Bank
Nottingham Manufacturing
Spirella
West Coast and Texas Regional Inv. Tst.
Interims:
Rosgill

DIVIDEND & INTEREST PAYMENTS—
Berkshire 7½pcRed. Stk. 78-79, 3¾pc
Bootham Engineers, 7.5p
Deanson, 1.68p
Ever Ready Ln., 3pc
N.S.S. Newsagents, 1.19133p
Royal Bank of Canada, 32cts.

WEDNESDAY, FEBRUARY 25

COMPANY MEETINGS—
Bakers Household Stores (Leeds), Leeds, 12
English China Clays, Hyde Park Hotel, S.W., 12.30
Evans (Frederick W.), Edgbaston, 10.30
Fluidrive Engineering, Isleworth, 2.30
Isle of Man Associated Investment, Douglas, 12
Jackson (J. and H.B.), Coventry, 12

BOARD MEETINGS—
Finals:
Ashmole Inv. Trust
Gillett Bros. Discount
Ree Bros.
Interims:
[illegible]

Mears Bros., 0.95p
Rolls-Royce (in voluntary liquidation) (Cancelled 23/11/74), 5p 44th Lqdtn. Dstbn.)
Sommerville (Wm.), 0.5p
Tobacco Secs. Tst. Ord., 8.75p. Dfd. Stk., 40p
Victoria Carpet Ord. and A. 0.4375p
Warner Estate, 0.698351p

FRIDAY, FEBRUARY 27

COMPANY MEETINGS—
C.G.S.B., Newcastle upon Tyne, 12
Cambridge Water (Ordinary General Meeting), Cambridge, 4.30
Gough Cooper, Bromley, Kent, 12
Lowe (Robert H), Congleton, Cheshire, 12
Smallshaw (R.) (Knitwear), Hinckley, 12
Stenhouse, Glasgow, 12
Tollemache and Cobbold Breweries, Ipswich, 10.30
Turner Manufacturing, Wolverhampton, 12.30
Worth (Bond), Droitwich, Worcestershire, 12

BOARD MEETINGS—
Finals:
Allen Harvey and Ross
Brighton and Hove Stadium
Evode
Midland Bank
Woolworth (F.W.)
Interims:
Firth (G.M.) (Metals)
Lake and Elliot
Shaw Carpets
Smith Bros.
Town and City Props.

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mtg. Corp. 11½pcBds. 27/2/76, £6.0036
Allied Leather Inds. 5pcPf., 1.75pc
Argyle Secs. Deb., 3¼pc
Bakers Household Stores (Leeds), 0.365p
Bank of Montreal, 24cts.
Beaconsfield 11½pcBds. 1/9/76, 5¾pc
Bedford 11½pcBds. 1/9/76, 5¾pc
Black (A. and C.), 0.875p
Cardiff 11½pcBds. 1/9/76, 5¾pc
Carter Hawley Hale Stores Inc., 22.5cts.
Centreway Secs., 0.879p
City and Intnl. Tst. 5pcPfd., 1.75pc
City of London Brew. and Inv. Tst. 20pc Non-Cum.Pf., 3.5pc. Dfd., 0.5p. 6pc1st Pf., 2.1pc. 6pcNon-Cum.Pf., 2.1pc
CompAir, 2.1p
Croda Intnl. Ln., 5¼pc
Danae Inv. Tst., 1.206p
Diamond Stylus, 0.3413p
Distillers, 2.0125p
Dixons Photographic Ord. and A. 0.75p
Doncaster 11½pcBds. 1/9/76, 5¾pc
Ealing 11½pcBds. 1/9/76, 5¾pc
East Devon 11½pcBds. 1/9/76, 5¾pc
East Hampshire 11½pcBds. 1/9/76, 5¾pc
Gen. and Commercial Inv. Tst. 6½pcPf., 1.925pc
Grant (James) (East) Deb., 3¼pc
Gresham House Estate, 1.4p
H.A.T., 0.65p
Hambro Tst., 0.46p
Harborough 11½pcBds. 1/9/76, 5¾pc
Henderson-Kenton, 0.5p
Hepworth (J.) Debs., 2¾, 3½ and 3¾pc
Hicking Pentecost, 2p
Hounslow 11½pcBds. 1/9/76, 5¾pc
Hughes Tool, 10cts.
Inverclyde 11½pcBds. 1/9/76, 5¾pc
Lancashire 11½pcBds. 1/9/76, 5¾pc
Leda Inv. Tst. Income Shr., 1.365p
Leicester 11½pcBds. 1/9/76, 5¾pc
London and Holyrood Tst. Deb., 2½pc
London Electrical and Gen. Tst., 1.1p
Lyle Shipping 6½pcPf., 2.2625pc
Magnet Joinery Deb., 4½pc
Maldon 11½pcBds. 1/9/76, 5¾pc
Mansion Finance Tst., 1.3p
May and Hassell 6pcPf., 2.1pc
Midland Tst., 1.103p
National Westminster Bank 7pcPf., 2.45p
Norwich 11½pcBds. 1/9/76, 5¾pc
Ogilvy and Mather Intnl., 29cts.
Oswald Ln., 3½pc
Peachey Prop., 0.25p
Preseli 11½pcBds. 1/9/76, 5¾pc
Richmondshire 11½pcBds. 1/9/76, 5¾pc

St. Georges Laundry (Worcester), 0.28p
Security Services 4½pcPf., 1.575pc
Smallshaw (R.) (Knitwear), 0.5p
Smith Bulmer 5pcPf., 2.1pc. 10pcPf. 3.5pc 3.5pc
South Glamorgan 11½pcBds. 1/9/76, 5¾pc
South Staffordshire Waterworks 4.9pc (fmly. 7pc) Ord. Class A. 2.45pc. 4.9pc (fmly. 7pc) Ord. Class B. 2.45pc. 4.9pc (fmly. 7pc) Ord. Class C. 2.45pc. 3.5pc (fmly. 5pc) Ord., 1.75pc
Stoneware 6½pcPf., 2.275pc
Symonds Engng., 0.2625p
Telehire Deb., 3½pc
Telephone and Gen. Tst. Deb., 2¼pc
Thanet 11½pcBds. 1/9/76, 5¾pc
Toligate, 8.5cts.
Trafford 11½pcBds. 1/9/76, 5¾pc
Union Steam Ship of New Zealand Pf. (Ldn. Reg.), 2¼pc
Vinten, 0.5p
Wandsworth 11½pcBds. 1/9/76, 5¾pc
Wearwell, 0.898p
Wirral 11½pcBds. 1/9/76, 5¾pc
Wokingham 11½pcBds. 1/9/76, 5¾pc
Woodhead Jonas, 1.75875p
Wyre Forest 11½pcBds. 1/9/76, 5¾pc

SATURDAY, FEBRUARY 28

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mtg. Corp. 4½pcDb. Stk. 77-82, 2¼pc
Allnatt London Props. Deb., 5¼pc
Assoc. Biscuits Mfrs. Lns., 3¼ and 5¼pc
Atkins Bros. (Hosiery) 5½pcPf., 1.925pc
Barrow Milling 6½pcPf., 1.625pc
Berry Tst. Ln., 2¾pc
Broxlea, 0.175p
Burmah Oil Ln., 4¼pc
C.L.R.P. Inv. Tst. Debs., 1½, 1¾, 2, 2¼, 2½ and 3¼pc
City and Intnl. Tst. Ln., 2¼pc
Combined English Stores Lns., 4¾ (86-91) and 4¾pcCnv. (86-91)
Decca 15pcPf., 1.625pc
Derby Tst. Income Shs., 6.327p
Dowty Ln., 3¼pc
Duport 5pcPf., 1.75pc
Equity Income Tst. Debs., 2¾ and 3¾pc
Foster (John) Ln., 4½pc
Grosvenor Caterers (Glasgow) Deb., 2½pc
Guthrie Corp. Ln., 3¾pc
Industrial and Commercial Finance Corp. Ln., 4¾pc
Intnl. Computers Deb., 3pc
Kakuzi, 40cts.
London and Strathclyde Tst. 5pcPf., 1.75pc
London Atlantic Inv. Tst., 0.75p
London County 6pc Stk. 76-79, 3pc
Long John Intnl. Deb., 3pc
Metropolitan Water Board 5½pc Stk. 76-80, 2¾pc
Mid-Southern Water 3.5pcCons. Ord., 1.75pc
New Zealand 6pc Stk. 76-80, 3pc
Portsmouth and Sunderland Newspapers, 0.875p
Richards and Wallington Inds. 7½pcPf., 2.625pc
Scott and Robertson Ln., 3¼pc
Shaw Carpets 8pcPf., 2.8pc
Thetford 8½pcBds. 24/8/77, 4¼pc
Tilling (Thomas) Deb., 4pc
Trialevest Deb., 3¼pc
Union Steam Ship of New Zealand Pf., 2¼pc
Westminster 14½pcBds. 25/8/78, 7¼pc
Weyburn Engng. 6pcPf., 2.1pc
Wormalds Walker and Atkinson Ln., 4½pc

SUNDAY, FEBRUARY 29

DIVIDEND & INTEREST PAYMENTS—
British Inds. and Gen. Inv. Tst. Deb., 3¼pc
Central London Assd. Stk., 2pc
Foster Bros. 5½pcPf., 1.925pc
Greatermans Stores 6pcPf., 1½pc. 5pcCum. Pf., 1¼pc. 5pc2ndPf., 1¼pc. 5pc3rdPf., 1¼pc
Kaiser Aluminium and Chem. Corp., 30cts.
Moorhouse and Brook 7½pcPf., 2.625pc
Reed Publishing Deb., 4pc. Lns., 2¼, 3¼ and 4¾pc
U.B.M. Debs., 2½, 3½, and 3¾pc. Ln., 5pc
Waleswood Colliery Deb., 2¼pc

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
15F	15A	Treasury 6½pc 1976‡‡	98⅞	9.1	6.57	8.91
1M	1S	Victory 4pc 1976‡‡	98⅝xd	26.1	4.04	—
14J	14D	Treasury 10½pc 1976‡‡	101⅛	7.11	10.38	8.92
10M	10S	Treasury 6¼pc 1977‡‡	97⅝xd	2.2	6.40	8.69
15M	15S	Electric 3pc '74-77	97¼xd	9.2	3.08	5.72
26M	26S	Treasury 11½pc '77‡‡	102¾xd	18.2	11.20	9.60
15M	15N	Treasury 3pc '77‡‡	93¼	9.10	3.22	7.20
20J	20D	Transport 4pc '72-77	93¼	13.11	4.29	8.03
15M	15S	Treasury 9pc 1978‡‡	98½xd	9.2	9.12	9.74
14J	14J	Treasury 10½pc '78‡‡	101½	8.12	10.39	9.97
26M	26S	Exchequer 5pc '76-78‡‡	92xd	18.2	5.43	8.51
9M	9S	Treasury 11½pc '79‡‡	103⅛xd	2.2	11.14	10.26
17M	17S	Treasury 3pc '79‡‡	87xd	9.2	3.45	7.20
26M	26S	Electric 4¼pc '74-79	87½xd	18.2	4.85	8.35
1M	1N	Treasury 10½pc '79‡‡	99½	25.9	10.55	10.64
1M	1N	Do. 10½ 1979 'A'	99½	—	10.55	10.64
15M	15N	Electric 3½pc '76-79	86⅛	9.10	4.06	7.86
3M	3S	Treasury 9pc 1980‡‡	96xd	26.1	9.37	10.24
14M	14N	Treasury 9½pc '80‡‡	95⅝	8.10	9.93	10.80
14M	14N	Treasury 9½pc 1980 'A'	95⅝	8.10	9.93	10.81
15J	15D	Treasury 3½pc '77-80	85⅛	10.11	4.11	7.60
15J	15D	Funding 5¼pc '78-80‡‡	86	10.11	6.10	9.25
15J	15J	Treasury 11½pc 1981	102⅝	9.12	11.20	10.77
		Five to Fifteen Years				
15F	15A	Treasury 3½pc '79-81	84	9.1	4.17	7.39
15J	15J	Do 8½pc '80-82‡‡	91⅛	9.12	9.40	10.71
17M	17S	Treasury 12pc 1983‡‡	101½xd	9.2	11.73	11.53
15J	15J	Funding 5½pc '82-84‡‡	78⅝	9.12	7.05	9.51
10J	10J	Treasury 8½pc '84-86‡‡	85⅛	4.12	10.11	11.12
1M	1N	Funding 6½pc '85-87‡‡	73⅛	25.9	9.15	11.06
26J	26J	Treasury 7¾pc '85-88‡‡	74⅞	22.12	10.43	11.82
1J	1J	Transport 3pc '78-88	49	25.11	6.12	10.53
15A	15O	Treasury 5pc '86-89	57	8.9	9.06	11.61
15J	15J	Treasury 13pc 1990‡‡	98⅞	—	13.33	13.38
15J	15D	Treasury 8¼ '87-90‡‡	73⅛	10.11	11.53	12.57
		Over Fifteen Years				
5A	5O	Funding 5¾pc '87-91‡‡	57½	1.9	10.40	12.34
22J	22J	Treasury 12¾pc '92‡‡	95⅝	16.12	13.49	13.58
14J	14J	Treasury 12½pc '93‡‡	93⅝	8.12	13.55	13.67
14J	14J	Treas. 12½pc 1993 'A'●	95¼	—	13.17	13.41
15M	15S	Funding 6pc 1993‡‡	52¼xd	9.2	11.43	12.90
17M	17N	Treasury 9pc '94‡‡	72¼	13.10	12.89	13.42
1M	1N	Gas 3pc '90-95	34¼	25.9	9.00	11.90
15M	15N	Treasury 12¾pc '95‡‡	96⅝	9.10	13.70	14.75
15M	15S	Treasury 9pc '92-96‡‡	68¼xd	9.2	13.09	13.56
1A	1O	Redp. 3pc 1986-96	33½	26.8	9.28	11.83
22J	22J	Treasury 13¼pc '97‡‡	97⅞	16.12	13.81	13.83
22J	22J	Do. 13¼% '97 'A'	98⅝	—	13.85	13.86
1M	1S	Treasury 8¾pc 1997‡‡	66⅛xd	26.1	13.20	13.62
1M	1N	Treasury 6¾pc '95-98‡‡	54⅞	25.9	12.79	13.48
15J	15J	Treasury 9½pc 1999‡‡	71⅞	9.12	13.41	13.67
14J	14J	Funding 3½pc '99-04	29⅜	8.12	12.07	12.98
5A	5O	Treasury 8pc '02-06‡‡	62	1.9	13.58	13.73
10M	10S	Treasury 5½pc '08-12‡‡	41xd	2.2	13.34	13.50
26J	26J	Treasury 7¾pc '12-15‡‡	57⅛	22.12	13.71	13.75
		Undated				
1F	1A	Consols 4pc	28½	29.12	14.15	—
1J	1D	War Loan 3½pc‡‡	26½	27.10	13.62	—
1A	1O	Conv. 3½pc '61 Aft.	27½	26.8	13.41	—
5A	5O	Treasury 3pc '66 Aft.	22⅜	1.9	14.14	—
5J.A.J.O.		Consols 2½pc	18⅜	1.12	13.86	—
1A	1O	Treasury 2½pc	18½	26.8	14.28	—

**INTERNATIONAL BANK

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15F.	15A.	5pc Stock '77-82	72¾	16.1	6.92	11.17
31J.	31J.	8pc Stock 1976	99	2.1	8.08	10.70

**CORPORATION LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1F.	1A.	Birm'ham 9¾pc '79-81	88	2.1	10.50	12.3[illegible]

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

AMERICANS

S.E. List Premium 38⅞% (based on $2.0236 per £)

CANADIANS

S.E. List Premium 38⅞% (based on $2.0079 per £)

Conversion factor 0.6285 (0.6211)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Oct.	Jentique 5p	10	6.10	†0.49	2.4	7.6	8.5
ember	Johns'n & B.12½p	21	14.10	hd0.78	1.4	6.2	(4.0)
Apr.	Johnston Clars.	36	8.9	†2.18	1.7	9.3	9.5
Aug.	Johnson Mth. £1	335	12.12	10.23	4.5	4.7	7.2
Nov.	Judge Int.	27	1.12	1.85	1.7	10.5	8.5
Dec.	Kalamazoo 10p	22½	20.10	1.57	1.4	10.8	10.2
Jan.	Kelsey Ind. 12½p	50	12.12	2.63	3.5	8.1	5.4
Oct.	Kennedy Sm. 10p	18	8.9	1.38	1.9	11.8	7.0
April	Kershaw (A.) 5p	600xd	9.2	12.81	ϕ	3.3	ϕ
Apr.	Kleeman	222	3.11	†3.89	5.0	2.7	11.4
June	Kode Int.	31	17.11	†1.23	3.5	6.1	7.3
Aug.	L.C.P. Hlds.	63xr	12.12	h3.9	1.3	9.5	15.3
June	L.K. Ind. Inv.	23	17.11	†d1.96	1.8	13.1	6.5
Sept.	L.R.C. Int. 10p	43½	26.1	†2.0	1.1	7.1	19.5
Apr.	Lamson Inds.	71½	8.9	2.74	2.5	5.9	9.7
Dec.	Lawtex	31	20.10	2.58	2.0	12.8	5.3
Nov.	Lead Inds. 50p	131	22.9	†4.69	3.9	5.5	7.2
Oct.	Leadenhall Stg.	61	22.8	†3.32	2.4	8.5	6.3
May	Le Bas (Ed)	51	8.9	†1.36	8.5	4.1	4.4
June	Leboff Fobel 10p	42	1.12	†1.48	4.2	5.4	12.0
April	Lebus Harris	50xd	9.2	2.93	ϕ	9.0	ϕ
August	Leigh Ints. 5p	34	1.12	0.73	5.8	3.3	8.0
Aug.	Leisure Car. 10p	83	1.12	†4.82	1.7	8.9	11.2
Dec.	Lep Group 10p	129	24.2	2.54	5.9	3.0	7.5
July	Lesney Prods. 5p	40	20.10	g0.84	7.6	3.2	5.6
Sept.	Letraset 10p	71	26.1	†s1.28	4.6	2.7	11.3
May	Liden 10p	11½	21.3	0.17	2.4	2.2	23.2
Jan.	Light & Leis. 10p	36	10.3	†2.0	3.7	9.2	7.9
Jan.	Lindsay & Wms.	21	2.6	‡3.06	3.6	‡	1.9
Mar.	Lindustries	63	26.1	†3.76	3.4	9.2	4.6
June	Lipton (L.)	28	2.6	‡2.4	2.0	‡	5.7
Feb.	Lon. & Nthn. Grp.	41	29.12	3.35	1.7	12.6	7.0
Nov.	Long Hmbly. 10p	15½	1.12	1.17	2.0	11.6	6.5
Oct.	Longton Trans.	34	22.9	†2.84	†1.9	13.2	6.0
Apr.	Lonsdale Unival	56xd	9.2	5.77	ϕ	10.4	ϕ
June	Low & Bonar 50p	169	20.10	g9.05	3.4	8.2	5.5
Mar.	MK Refrig'n 10p	50	22.8	d2.51	ϕ	8.0	ϕ
Dec.	M.Y. Dart. 10p	42	17.11	1.37	4.1	5.0	7.4
July	Mccanie Ldn. 10p	16	1.12	1.47	1.1	14.2	9.7
Sept.	M'c'rthy Ph. 20p	87	11.8	†3.52	2.8	6.3	9.6
Dec.	Macfarlane Gp.	60	22.9	†2.82	2.1	7.2	9.5

[illegible]

††INSURANCE

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan. June	Bowring (C.T.)	79					
Feb. July	Brentnall Bd. 10p	84					
May Sept.	Britannic 5p	148					
F.M.S.D.	Comb. Ins. Am.$1	870					
Nov. May	Comm. Union	130					
Jan. July	Eagle Star	130					
June Dec.	Ennia UK 9%Cnv.	£128					
May	Equity & Law 5p	178					
Jan. July	Gen. Accident	167					
Jan. May	Guardian Royal	202					
Jan. July	Heath (C.E.) 20p	274					
Oct. Mar.	Hogg Robinson	144					
Dec. Apr.	Howden (A.) 10p	126					
Dec. June	Legal & Gen. 5p	138					
Sept. June	Les. & Gdwn. 10p	101					
Nov. May	Lon. & Man. 5p	128					
Nov. May	Matthew Wr. 20p	174					
Jan. June	Minet Hldgs. 20p	101					
Oct. June	Pearl 5p	238					
Dec. June	Phoenix	212					
Jan. May	Provident "A"	148					
Jan. May	Do. "B"	148					
Nov. May	Prudential 5p	134					
Nov. May	Refuge "B" 5p	130					
Jan. May	Royal	310					
Feb. Apr.	Sedg Forbes 10p	238					
Oct. Apr.	Stenhouse	88					
Jan. July	Sun Alliance £1	425					
June Dec.	Sun Life 5p	95					
July	Taiyo Mar'e EDR.	775					
Sept. May	Trade Indem.	157					
Ma.Ju.Se.De.	Travelers $2.50	£22¾					

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Oct. Mar.	Brit. Leyland 50p	26					

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Trusts, Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
May Sept.	M. Lyell 25c	90	—	‡Q5c	2.4	‡
—	Newmetal 10c	2½	—	—	—	—
June Nov.	North B. Hill $1	150	20.10	Q9c	1.4	3.4
—	North Kalg. 30c	7	—	—	—	—
June Nov.	Oakbridge $A0	74	23.9	Q8c	0.9	6.2
—	Pacific Copp. 25c	16	—	—	—	—
— —	Pancont'l 25c	£13	—	—	—	—
—	Paringa M&Ex. 5p	15	—	—	—	—
Apr. Oct.	Peko-Wallsend 50c	495	30.9	Q15c	ϕ	1.7
—	Poseidon 20c	150	30.6	—	—	—
— —	Vultan Min. 50c	12	—	—	—	—
—	Westmex 10c	5	—	—	—	—
Oct. May	W. Mining 50c	148	8.9	‡Q8c	0.8	4.0
—	Whim Creek 20c	44	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
September	Amal. Nigeria	35xd	9.2	5.62	1.6	†
Apr. Oct.	Ayer Hitam	185	8.9	13.0	1.8	10.8
June Oct.	Beralt Tin	21	1.12	21.75	—	12.8
Jan. July	Berjuntai SM25	335	12.12	‡Q$M12	ϕ	‡
Apr. July	Ex Lands 10p	14	16.6	15	3.3	16.5
Apr. Oct.	Geevor	175	8.9	‡12	2.3	‡
Nov. May	Gold & Base 12½p	10	10.74	—	—	—
June Dec.	Gopeng Cons.	190	26.1	11.0	ϕ	8.9
—	Hongkong	64	11.67	—	—	—
Sept. Mar.	Idris 10p	68	26.1	6.7	2.2	15.2
— —	Jantar 12½p	6	4.67	—	—	—
Dec. Apr.	Kamunting 15p	36	20.10	‡7.0	1.2	‡
July Dec.	Killinghall	180	1.12	Q50.0	ϕ	27.8
Apr. Dec.	London Tin 20p	150	3.11	7.0	1.3	7.2
Dec. June	Malay Dredging	183	1.12	10.7	2.0	9.0
June Dec.	‡Pahang	25	22.9	Qh2.6	ϕ	16.0
July Jan.	Pengkalen 10p	50	26.1	7.0	ϕ	21.5
March	Petaling $M1	110	2.71	—	—	—
Jan. July	Saint Piran	27	11.8	—	—	—
Apr. Nov.	South Kinta 10p	78	26.1	‡9.5	1.5	‡
June Dec.	Sthn. Malayan	120	1.12	10.7	0.9	13.8
July Dec.	Sungei Besi 20p	34	2.6	‡6.0	3.0	‡
Mar. Oct.	Sungei Way $M1	31	9.74	ZQ10	—	5.6
Sept. July	Tanjong 15p	47	26.1	4.0	ϕ	13.1
Jy Mar Sep	Tongkah Hb $M1	46	31.1	Q23c	0.6	9.6
Apr. Oct.	Tronoh	68	8.9	†4.02	3.5	9.1

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Botswana RST R2	56	—	—	—	—
June Dec.	Messina R0.50	250	1.12	Q35c	1.9	7.7

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Burma Mine 17½p	9	19.5	m0.5	—	1.5
—	Charterhall 5p	28½	3.67	—	—	—
Aug. Feb.	Cons. Murch. 10c	740	12.12	Q80c	ϕ	6.0
— —	Lauraan	39½	—	—	—	—
July	Northgate C$1	420	27.3	‡Q25c	1.0	3.3
Jan. June	R.T.Z.	186	17.11	r5.51	4.4	4.6
—	Sabina Inds. C$1	100	—	—	—	—
—	Stanford Mines $1	45	—	—	—	—
—	Tara Explo. $1	£11¼	—	—	—	—
— —	Yukon Cons. C$1	117	11.65	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures: they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance, reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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FINANCIAL TIMES
Monday February 23 1976

Dublin fears IRA 'revenge' after Stagg burial furore

BY GILES MERRITT

THE IRISH Government has now become a revenge target for Provisional IRA terrorism, after the controversial handling of the funeral of IRA hunger striker Frank Stagg.

Provisional IRA supporters clashed with Irish police yesterday at a memorial service at the cemetery in Ballina, Co. Mayo, where Stagg was given a Government-organised burial on Saturday.

Violence flared several times—once when shots were fired in the air from the centre of a crowd of 5,000 demonstrators. But no one was badly hurt.

It was against this background that Mr. Merlyn Rees, Northern Ireland Secretary, conducted his talks on joint approaches to security in Dublin at the week-end.

Humiliated by the Dublin authorities' seizure of Stagg's coffin to prevent a "military" burial, the Provisionals are known to be planning a damaging show of strength in Ireland.

The Belfast brigade of the Provisional IRA has issued a statement warning of revenge plans and describing the Dublin Government as "fiends."

It said: "Our debt of honour to Frank Stagg will be exacted in full from those who so horribly maligned him in life and death. We will not forget."

Irish security forces are in little doubt that the seven incendiary bombings in Dublin 10 days ago were intended to warn the Government against stopping Stagg's funeral from being turned into a republican propaganda exercise.

With the decision, taken personally by Mr. Liam Cosgrave, the Prime Minister, to outflank the Provisional IRA, the Irish Government is aware that it may have invited an IRA onslaught in the Republic.

The surprise visit to Dublin by Mr. Rees was arranged well in advance of the Stagg burial furore, according to his Stormont Castle office.

But it is known that his talks with Mr. Patrick Cooney, Ireland's Justice Minister, centred on security tactics that the Republic and the U.K. will adopt in the wake of the Stagg affair.

Border security is understood to have figured high on the agenda.

With the likelihood that the Provisional IRA will turn its attention against Dublin, the Ministers may have found their usual positions reversed, with Mr. Rees pressed for assurances that Provisional "active service units" will be deterred from operating south of the border.

Dublin and Whitehall believe that Stagg's death is to be used as the pretext for an IRA blitz.

But they believe that the real cause of the forthcoming campaign remains the failure of Ulster's constitutional convention and Whitehall's expected declaration of indefinite direct rule.

After Dublin's handling of the Stagg funeral, the Irish Republic has been added to the target list for emotional "retaliation" reasons rather than as part of a strategic campaign, it is believed.

The ministerial meetings at the week-ends are also thought to have assessed the weaknesses of the Provisionals.

Security chiefs in London, Belfast and Dublin are apparently convinced that the IRA has been seriously weakened lately.

The British and Irish Armies' seizure of 5½ tons of explosives a month ago has led to a cut in the size of the Provisionals' bombs.

Factions

There are also grounds for believing that the IRA is seriously split between militant and moderate factions.

The attempted bombing of Oxford Circus underground with a 20 lb. device a week ago is now seen as a move by a Provisional splinter group — the "Irish Volunteer Force" — to wreck whatever negotiations Mr. Rees' Northern Ireland Office advisers have been holding with the Provisionals' moderate leadership.

Our Belfast Correspondent writes: The most moderate and flexible of Ulster's political groupings, the Alliance Party, is expected to tell the chairman of the constitutional convention today that all hopes of agreement have now faded.

Mr. Oliver Napier, the party leader, will ask the chairman not to prolong the agony and to wind up the convention this week. The other parties are expected to agree in later meetings with the chairman.

The 78 members will reply to Mr. Rees through the chairman by the beginning of next week, informing him officially that the four-week recall has failed to break the deadlock.

Mr. Napier said that there was no real desire for compromise between the major convention groups — the United Ulster Unionist Coalition and the mainly Roman Catholic Social Democratic and Labour Party.

The Alliance Party had proposed a three-tier administration for Ulster, including a Cabinet drawn from the majority party and a power-sharing Council of State to look after security and human rights.

The SDLP, which is demanding seats in Cabinet, saw no future in the proposals from the outset and the Unionist Coalition dismissed the plan after a week of talks with Alliance.

The discussions appeared to increase the bitterness between the major blocs.

The SDLP accused the Loyalist politicians of taking part simply to improve their public image and portray themselves as reasonable.

The Vanguard Unionist Party led by Mr. William Craig warned at the week-end that in the coming period of direct rule a civil war was fast approaching—a war which would lead to a provisional Loyalist Government.

Only 500 requests for credit licences

BY MICHAEL BLANDEN

A TOTAL of about 500 applications have been received for licences under the new Consumer Credit Act since the start of this month.

This represents only a very small proportion of the total of about 100,000 licences which the Office of Fair Trading expects to issue to companies and individuals involved in consumer credit. At present, the OFT is concerned only with the first of three stages in the licensing process, covering credit reference agency, business, debt collecting, debt adjusting and debt counselling.

The first date for applications for licences in these categories was February 2, and the period for applying lasts until the end of May. On the timetable proposed last month, organisations in these categories would have to acquire licences before August 3 in order to continue operating in consumer credit.

Further stages of the licensing process will extend the coverage of the new legislation. The main lending organisations—including banks and finance houses—are expected to apply for licences between August 3 and January 31 next year under the consumer credit and consumer hire headings. These will be followed by the final stage, running from April 1, 1977 to September 30, covering credit brokers.

First stage

Even in the current first stage, it is thought that as many as 15,000 to 25,000 licence applications may have to be considered. The Director General of Fair Trading—at present Mr. John Methven, shortly to move to the Confederation of British Industry—is required to satisfy himself that they are fit to be involved in consumer credit business.

The categories now being covered could extend quite widely. For example, many practising accountants are likely to be covered by the debt counselling licence requirements. And a number of organisations which will need licences in several categories will be applying during the first stage.

The OFT is expecting that there will be a bigger rush of applications as the end of the current period for applications approaches.

One problem already beginning to emerge is the very wide coverage which some interpretations could give to the licensing requirements. An example is provided by normal trade credit, which in principle is excluded under provisions exempting arrangements under which payment is made in three instalments or less. However, it is argued that these arrangements could fall within the licensing provisions if in some circumstances a trader agrees to extend credit arrangements further to help a customer.

Insurance, Page 21

THE LEX COLUMN

Life assurance's loss of status

The life assurance sector's stock market standing was shaken in 1974-75 by concern about the impact both of accelerating inflation and of the collapse of a few small companies. The particular fears of a year ago have now receded as the increase in new annual premiums in 1975 was healthy enough—a rise of 26 per cent.—with the prospect of a high level of mortgage lending to lift endowment business this year. There is also the possibility of at least a stabilisation in the expenses ratio, an increase in the transfer of life-profits (after a drop for four of the eight proprietary companies last year) and the maintenance of a dividend growth record well above average. But the stock market status has not recovered: in the early 1970s the sector yield was around three-quarters of that on the All-Share; now it is slightly higher.

The doubts are essentially long-term, about whether life assurance can keep its share of a growing savings market: the issue turns on whether inflation continues to decline and on the ability to earn a real rate of return on investments again. On the crucial assumption that these targets can be achieved, brokers Wood Mackenzie argue in a new review that Ordinary Branch assurance should be able to maintain its position as a major savings medium via with-profits policies.

Moreover, the brokers believe there is scope for a real growth in pensions business and that many companies will decide to contract-out of the State scheme—especially given that the key decisions will be taken in about 12 months' time when inflation should be much lower. Against this optimistic background and an assumed 10 per cent. annual growth in new business, WM has estimated the sector's long-term potential dividend growth (on the basis of mutualisation prices). This indicates total rates of return at current yields of mainly between 14 and 15½ per cent., compared with around 13 per cent. for long-term gilt-edged stocks.

Within the sector, the purely Ordinary Branch companies—Legal and General, Sun Life and Equity and Law—have generally shown the highest rate of growth of premiums, investment income and dividends and have a greater potential than those groups also with Industrial business. The purely OB companies also have the highest dividend cover out of life transfer, according to Rowe and Pitman's calculations.

But the expansion of non-life premiums—up from the equivalent of 14 per cent. of life premiums in 1964 to 33 per cent. in 1974 for those involved in both areas—introduces a complication factor, partly because of fluctuations in underwriting results. There is also the prospect that unless retentions keep better step with rising premiums in future, shareholders in predominantly life companies will face more regular rights issues to sustain the capital base of the non-life side, as happened at both the L. and G. and the Prudential last year. Apart from the cyclical element introduced by non-life underwriting, the life sector generally is unlikely to regain its former status until longer-term fears about inflation have been stilled.

BOC

The long term question for BOC International concerns its heavy capital requirements, and the 1974-75 accounts provide some reassurance. Net cash flow from trading roughly matched capital spending over the year, as did net working capital. The recession helped, and it is also clear that financial controls have been improving during a two-year period in which sales rose by over a half, and working capital by less than a tenth.

However, this part of the balance sheet could suck in an extra £10m. or so this year, and capital spending may also be rather higher. Cash flow, by contrast, does not seem likely to increase much for although the Airco associate is now covering its financing costs—and reported a modest earnings gain in the December quarter—the group is facing a tougher year in Europe and most of its overseas subsidiaries. Chemicals and metals are bumping along the bottom after a sharp profits decline last year, and the level of activity in engineering and gases is going to be lower, at least through the first half of 1976. Overall the group will be hard-pressed to hold its own in real terms, although earnings per share should be well maintained.

So borrowings, which are down from 45 to 38 per cent. of total capital employed in the latest balance sheet as a result of the rights issue, will be back on a rising trend. But gearing levels will still look reasonable in a year's time, and BOC stresses that there are adequate facilities for its foreseeable needs in 1976.

Meanwhile, the group estimates that Current Cost Accounting would reduce its profits before tax and associated company income by over two-thirds. Increased depreciation accounts for just under half this adjustment, and a dividend covered 3.2 times on an historic cost basis obviously looks very different under this treatment.

Money supply

The seasonal adjustments used in calculating the latest money supply figures are viewed with little confidence by the Bank of England, so there is not much to be said about the slight fall in M1 and modest rise in M3 (the broader version) except that the very sluggish trend visible since October was maintained over the six-week period to January 21. That was only to be expected in view of the massive gilt-edged sales seen during the period. But the central Government borrowing requirement is said to have been larger than in recent months, even though January used to be a favourable time of year, and with the gilt market quiet the authorities are now turning back to Treasury bills as a source of funds.

The money supply figures can now be expected to resume an upward trend, but there is no reason for immediate concern (and will not be until private sector loan demand recovers). In the U.S., too, the monetary aggregrates are sluggish enough to suggest that interest rates will stay broadly unchanged into the spring. Latest figures indicate that M2, to which the Federal Reserve is now paying particular attention, remains within the 7½-10½ per cent. target growth band.

£80m. orders expected by Tate & Lyle engineers

By Tony France

CONTRACTS worth about £80m. are already in the pipeline for the newly-formed company, Tate and Lyle Engineering, according to Mr. David Tate, its chairman.

The new company, which consolidates Tate and Lyle's worldwide agricultural and engineering interests, is spearheading the group's entry into "agri business" as a major contractor providing full design, supervisory, advisory and construction services.

Although final negotiations are still in progress, Mr. Tate said a £20m. contract for a sugar factory complex in South America should be signed in the next few days, and a £30m. contract for similar work in a Far Eastern country shortly thereafter.

Other contracts are in negotiation in the Middle East and West Africa, covering rubber, cane sugar and coffee plantations and other projects ranging from livestock to vegetables, effluent treatment and fermentation.

Included in the major civil engineering work are two dams, road and bridge building, and hospital construction.

Consultants

A team of consultants from the company is undertaking a study into the potential for a rubber industry in Sierra Leone, in association with the Economist Intelligence Unit. The study was commissioned by the Ministry of Overseas Development, at the request of the Sierra Leone Government.

The company, with headquarters at Bromley, Kent, was formed from seven group companies, including Smith-Mirrlees (heavy engineering) and British Charcoals and Macdonalds (bone charcoal for sugar refining). It has bases in 36 countries and can produce a complete packaged scheme for an agricultural development project.

This capability includes assistance with obtaining loan or investment finance, co-ordination of all civil engineering and field engineering, livestock and crop production and storage, distribution and marketing of the agricultural products.

Mr. Tate estimates that in any given agri-industrial project, while the product may be animal or vegetable, as much as 80 per cent. of the preparatory input relies on various engineering disciplines for its success.

U.S. gives green light to Angola business links

BY DAVID BELL

WASHINGTON, Feb. 22.

TWO MAJOR American companies have been given the go-ahead by the Ford Administration to resume normal business contacts in Angola in a move which signals a significant change in the U.S. attitude towards the new MPLA régime.

Informed sources disclosed here at the week-end that Gulf Oil, which has extensive interests in the Angolan province of Cabinda, has received full State Department approval for its attempts to reopen direct talks with the MPLA.

Last November, under strong State Department pressure, Gulf shut its installations, which yielded $500m. of tax revenue a year to the Angolan Government and placed the $100m. it then owed in a special blocked account.

State Department sources said to-day that Dr. Henry Kissinger, the U.S. Secretary of State, personally approved the transfer of this money to the MPLA more than a fortnight ago, and that indirect contacts with the MPLA were begun by Gulf in January. These were conducted through Lt.-Gen. Olusegun Obasanjo, the new Nigerian Head of State.

Meanwhile Boeing has been granted permission to release two 737 aircraft which the Angolans have already paid for but which the State Department feared might be used as troop-carriers by the MPLA. It is thought they will be handed over on Tuesday.

Although the State Department reiterated to-day that the U.S. had never had any quarrel with the MPLA, but only with its Soviet and Cuban allies, the approval of these renewed contacts is clearly a significant reversal of American policy. There is, however, some way to go before Washington joins other Western nations in recognising the MPLA, and State Department officials stressed that until Zaire and Zambia had recognised the new regime, the U.S. would not even consider such a step.

In the past Dr. Kissinger has insisted that the U.S. would not recognise the MPLA until the Cuban troops were withdrawn, but in the past few days the U.S. has softened its position over the Cuban troops, and might be prepared to recognise the MPLA before they are all withdrawn.

It also appears that, according to senior officials, the Cubans themselves have urged the MPLA to try to restore good relations with the U.S. as quickly as possible. One official said that U.S. Intelligence reports suggested that the Cubans had used their own problems after severing of relations with the U.S. as an example to the MPLA of the problems that might arise when access to U.S. aid and technology was barred.

Gulf, for its part, has been increasingly worried that the French, who have recognised the MPLA, might offer to take over the Cabinda facilities.

NEB in joint export tender

BY CHRISTOPHER LORENZ

IN WHAT could become a significant extension of its role, the National Enterprise Board is linking up with two major British exporters, Rio Tinto-Zinc and GEC, in a joint tender for a Middle East contract.

The three will be equal partners in a joint venture formed to bid in Dubai for a desalination plant and an associated 180 megawatt power station.

International competition for the order is just as intense as for a number of similar contracts in other parts of the Middle East and the consortium is far from certain of winning the contract. The significance of the arrangement, however, is the NEB's involvement in export tendering for the first time.

Apart from broadening the NEB's involvement in industry, the move appears to be intended to lighten the burden of risks which British exporters, especially in engineering, have to bear if they bid for "turn-key" export contracts.

GEC has taken a leading role in underlining to the Government the problems associated with tendering for fixed-priced contracts from the inflation-ridden U.K. It has also pressed industry's case for Government financial guarantees to help British companies compete for the growing number of overseas contracts which are on a "turn-key" basis.

The electricity turbine generator industry, in particular, has complained that the "joint and several" risk which is attached to such contracts is too heavy for companies to bear and has pointed to France as one country which gives Government support.

Our Correspondent in Dubai writes: The Costain Taylor Woodrow consortium has signed a supplementary agreement for additional construction work on Dubai's dry dock.

The new agreement, worth £71m., will increase the value of the contract up to £162m., bringing the consortium's work undertaken in Dubai to £247m. The contract is with the Dubai Dry Dock Company and was finally signed last week-end in the presence of the ruler Sheikh Rashid and Sheikh Hamdan, chairman of the company.

The complex is planned to be able to handle up to 1m.-ton tankers. The new agreement will further diversify the work that it can handle. Completion of the project is scheduled for January 1979. Consultants for the dry dock are Sir William Halcrow and Partners.

Financing of the construction is being provided by Morgan Grenfell and Lazard Brothers, who have arranged an ECGD-backed loan of £35.6m. and a Eurodollar loan of $150m. Managers of the loan also include the American Express Middle East Development Company, SAL, the Arab Bank, Banque de l'Indochine et de Suez, Chemical Bank, Citicorp International Bank, the Compagnie Financiere de la Deutsche Bank AG and the Royal Bank of Canada.

Altogether 33 banks are involved in the financing, of which £20m. has been provided for inflation.

An informed source said repayment of the sterling loan will be by ten equal half-yearly instalments.

The Eurodollar loan will be repaid by five equal half-yearly instalments, the first being due three years from the signing of the contract.

The contract calls for the construction of workshops, and new crane equipment. Three British companies are providing the cranes. Clarke Chapman are providing the largest, five which are up to 120 tons capacity, and three coming from Stothert and Pitt, and Carruthers who will provide overhead cranes.

Weather

U.K. TO-DAY

RAIN or drizzle in most places.

London, E. and S.E. England, E. Anglia

Cloudy, rain or drizzle. Wind S., fresh. Max. 9C (48F).

S.W., N.W., N.E. and Cent. England, Midlands, Channel Is., Wales, Lakes, Borders, I. of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland

Cloudy, rain or drizzle. Wind S. to S.W., fresh or strong. Max. 10C (50F).

Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E. and N.W. Scotland, Orkney, Shetland

Bright intervals, rain later. Wind S., fresh or strong. Max. 8C (46F).

Outlook: Dry in S., rain in N.

Lighting-up: London 17.58, Manchester 18.03, Glasgow 18.06, Belfast 18.16.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amsterdm	F	9	48	Manchstr.	F	9	48
Athens	C	11	52	Melbourne	S	33	91
Bahrain	S	19	66	Mexico C.	C	16	61
Barcelona	C	14	57	Milan	S	12	54
Belfast	C	9	48	Montreal	Sn	−3	27
Belgrade	S	5	41	Moscow	S	−4	25
Berlin	S	4	39	Munich	C	0	32
Birmghm.	C	9	48	Newcastle	C	7	45
Bristol	C	10	50	New York	C	15	59
Brussels	S	11	52	Oslo	C	0	32
Budapest	S	3	37	Paris	C	12	54
B. Aires	S	25	77	Perth	S	36	97
Cairo	S	18	64	Prague	C	−2	28
Cardiff	C	9	48	Reykjavik	R	4	39
Cologne	S	7	45	Rio de J'o	S	33	91
Copnhgn.	C	2	36	Rome	F	14	57
Dublin	Dr	9	48	Singapore	S	31	88
Edinb'rgh	C	9	48	Stockholm	C	−2	28
Frankfurt	S	4	39	Strasb'rg	F	2	36
Geneva	C	5	41	Sydney	R	26	79
Glasgow	S	8	46	Tehran	S	0	32
Helsinki	S	−4	25	Tel Aviv	S	16	61
H. Kong	C	19	66	Tokyo	C	7	45
Jo'burg	R	22	72	Toronto	Sn	5	41
Lisbon	F	11	52	Vienna	C	3	37
London	[illegible]	10	50	Warsaw	S	8	46
Luxembg.	R	5	41	Zurich	C	2	36
Madrid	F	7	45				

HOLIDAY RESORTS

		°C	°F			°C	°F
Biarritz	C	12	54	Locarno	F	11	52
Blackpool	C	9	48	Luxor	S	25	77
Bordeaux	F	13	55	Majorca	C	14	57
Boulogne	C	11	52	Malaga	C	17	63
Casablnca.	F	16	61	Malta	C	16	61
Cape Tn.	S	24	75	Nairobi	S	24	75
Corfu	F	11	52	Naples	S	15	59
Dubrovnik	F	13	55	Nassau	S	25	77
Faro	F	17	63	Nice	F	14	57
Florence	F	14	57	Nicosia	F	15	59
Funchal	S	16	61	Oporto	C	13	55
Gibraltar	F	16	61	Rhodes	C	10	50
Guernsey	C	9	48	Salzburg	S	3	37
Innsbruck	S	8	46	Tangier	F	15	59
Inverness	C	8	46	Tenerife	C	12	54
I. of Man	C	8	46	Tunis	F	13	55
Istanbul	C	7	45	Valencia	C	18	64
Jersey	C	9	48	Venice	F	9	48
Las Plms.	S	19	66				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Dr—Drizzle. Sn—Snow.

Snow Reports Page 2

Continued from Page 1

TUC not ready to risk break

likely to be further inhibited unless other Ministers follow Miss Joan Lestor's week-end example in resigning from the Government. Further pressure will be exerted on Left-wing Ministers at a Commons meeting to-day, but there has so far been a significant lack of response.

But Mr. Healey will still have to counter a bitter attack on his policies at Wednesday's meeting of the Parliamentary Labour Party.

Miss Joan Maynard, Left-wing Labour MP for Sheffield Brightside, will lead the demand for a special Labour Party conference at the NEC meeting; whose agenda also includes another critical resolution on economic policy from the former Minister Mrs. Judith Hart.

Miss Maynard said yesterday that the Government had been moving further and further away from its manifesto commitments. "We cannot go on kicking our people in the teeth," she declared.

Though there is a Left-wing majority on the NEC, it appeared unlikely yesterday that the committee would divide on straight left-right lines.

It is estimated that a special conference would cost about £12,000 to stage, and in the present state of the party's finances that could be an important factor.

Some trade union members of the NEC are also likely to be influenced by the strong opposition not only of Ministers but many rank-and-file MPs to such a move.

Some MPs, at Wednesday's meeting of the Parliamentary party, are expected to counter the Left-wing campaign with charges that they are deliberately sabotaging the Government's position.

They were similarly bitter about the Tribune Group's attempts to press other Left-wing Ministers, and in particular Mr. Anthony Wedgwood Benn, into resignation.

Mr. Arthur Latham, the Tribune Group chairman, said that following Miss Lestor's resignation from the Department of Education, "other Ministers must be seriously considering their position."

But Government sources indicated that neither Mr. Benn nor any other Minister was ready for martyrdom.

Mr. Latham indicated, however, that the Tribune Group was preparing to defy the Government Whips when the White Paper proposals are debated in the Commons, probably next week.

"The Government would be unwise to rely on the old gibe that we are paper tigers," he said.

The Government's business managers, however, show few signs of nervousness about the Commons division and are confident that, as on the recent debate on unemployment, they can steer a safe course between the attacks of the Conservative Opposition and their own backbench opponents.

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